

Department of Planning and  
Community Development

Sport and Recreation Victoria

**Professional Boxing and Combat Sports  
Regulations 2008**

Regulatory Impact Statement

This Regulatory Impact Statement has been prepared in accordance with the requirements of the *Subordinate Legislation Act 1994* and the Victorian Guide to Regulation incorporating Guidelines for the Measurement of Changes in Administrative Burden.

May 2008

This Regulatory Impact Statement (RIS) has been prepared to facilitate public consultation on the proposed Professional Boxing and Combat Sports Regulations 2008 (the proposed Regulations). In line with the *Victorian Guide to Regulation*, the Victorian Government seeks to ensure that proposed regulations are well-targeted, effective and appropriate, and that they impose the lowest possible burden on Victorian business and the community.

A prime function of the RIS process is to help members of the public to comment on proposed statutory rules before they have been finalised. Such public input can provide valuable information and perspectives, and thus improve the overall quality of the regulations. The proposed Regulations are being circulated to key stakeholders and feedback is sought. A copy of the proposed Regulations is provided as an attachment to this RIS.

Public comments and submissions are now invited on the proposed Regulations. All submissions will be treated as public documents and will be made available to other parties upon request. Written comments and submissions should be forwarded by no later than **5:00pm, 30 May 2008** to:

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# Table of Contents

<b>GLOSSARY .....</b>	<b>2</b>
<b>SUMMARY.....</b>	<b>3</b>
<b>1. INTRODUCTION .....</b>	<b>7</b>
<b>2. BACKGROUND.....</b>	<b>8</b>
<b>2.1 HISTORICAL CONTEXT.....</b>	<b>8</b>
<b>2.2 BACKGROUND TO REGULATION OF BOXING IN VICTORIA .....</b>	<b>9</b>
<b>2.3 REGULATORY FRAMEWORK IN VICTORIA .....</b>	<b>10</b>
<b>2.4 OPERATIONAL CHARACTERISTICS OF THE INDUSTRY.....</b>	<b>13</b>
<b>3. NATURE AND EXTENT OF THE PROBLEM .....</b>	<b>15</b>
<b>3.1 NATURE OF BOXING AND COMBAT SPORTS INJURIES .....</b>	<b>15</b>
<b>3.2 EXTENT OF BOXING AND COMBAT SPORTS INJURIES.....</b>	<b>16</b>
<b>4. BASE CASE .....</b>	<b>18</b>
<b>5. RATIONALE FOR REGULATING BEYOND THE BASE CASE .....</b>	<b>19</b>
<b>5.1 MARKET FAILURE.....</b>	<b>19</b>
<b>5.2 NATURE OF LICENSING .....</b>	<b>20</b>
<b>6. OBJECTIVE OF THE REGULATIONS.....</b>	<b>20</b>
<b>7. DESCRIPTION OF THE PROPOSED STATUTORY RULE .....</b>	<b>21</b>
<b>7.1 DESCRIPTION OF PROPOSED REGULATIONS .....</b>	<b>21</b>
<b>7.2 COMPARISON WITH CURRENT REGULATIONS .....</b>	<b>25</b>
<b>7.3 PARTIES AFFECTED BY THE PROPOSED REGULATIONS.....</b>	<b>27</b>
<b>8. AUTHORISING PROVISION.....</b>	<b>27</b>
<b>9. ASSESSMENT OF NON-REGULATORY AND REGULATORY OPTIONS.....</b>	<b>28</b>
<b>9.1 REGULATORY AND NON-REGULATORY OPTIONS.....</b>	<b>28</b>
<b>9.2 METHODOLOGY .....</b>	<b>29</b>
<b>9.3 THE BASE CASE.....</b>	<b>30</b>
<b>9.4 PROPOSED REGULATIONS .....</b>	<b>31</b>
<b>9.5 SELF-REGULATION/CODES OF CONDUCT .....</b>	<b>36</b>
<b>9.6 NEGATIVE LICENSING .....</b>	<b>37</b>
<b>9.7 VARIATION OF THE PROPOSED REGULATIONS .....</b>	<b>38</b>
<b>9.8 SUMMARY OF FEASIBLE ALTERNATIVES.....</b>	<b>39</b>
<b>10. FEES .....</b>	<b>40</b>
<b>10.1 PRINCIPLES OF FEE SETTING.....</b>	<b>40</b>
<b>10.2 DISCUSSION OF COST-RECOVERY OPTIONS.....</b>	<b>41</b>
<b>10.3 NON-REGULATION OPTION – LICENCE TERMS.....</b>	<b>44</b>
<b>10.4 ASSESSMENT OF COST AND BENEFITS .....</b>	<b>45</b>
<b>10.5 CALCULATION OF THE PROPOSED FEES.....</b>	<b>45</b>
<b>10.6 INTERSTATE COMPARISON OF FEES .....</b>	<b>46</b>
<b>11. CHANGE IN THE ADMINISTRATIVE BURDEN .....</b>	<b>46</b>
<b>12. COMPETITION IMPACTS.....</b>	<b>47</b>
<b>13. SMALL BUSINESS IMPACT.....</b>	<b>49</b>
<b>14. ENFORCEMENT AND COMPLIANCE.....</b>	<b>50</b>
<b>15. CONSULTATION .....</b>	<b>52</b>
<b>16. EVALUATION .....</b>	<b>53</b>
<b>17. CONCLUSION .....</b>	<b>53</b>

**BIBLIOGRAPHY ..... 54**

## **GLOSSARY**

**ABUA** – Amateur Boxing Union of Australia

**Board** – the Professional Boxing and Combat Sports Board

**DPCD** – Department of Planning and Community Development

**IABA** – International Amateur Boxing Association

**KO** – knock-out

**MAP** – Medical Advisory Panel

**NCC** – National Competition Council

**NCP** – National Competition Policy

**NHMRC** – National Health and Medical Research Council

**SCORS** – Standing Committee on Recreation and Sport

**SRV** – Sport and Recreation Victoria

**TKO** – technical knock-out

**‘the Act’** – *Professional Boxing and Combat Sports Act 1985*

**‘the current Regulations’** – Professional Boxing and Martial Arts Regulations 1997

**‘the proposed Regulations’** – Professional Boxing and Combat Sports Regulations 2008

**VABA** – Victorian Amateur Boxing Association

**VABL** – Victorian Amateur Boxing League

**VCEC** – the Victorian Competition and Efficiency Commission

## SUMMARY

Boxing has been an established part of Victoria's sporting life for over 150 years. Over this period there has been a gradual evolution of rules to reduce the risks of injury to contestants and to improve the conduct of the sport. In regulatory terms, the most significant step occurred when the Victorian Government introduced legislation in 1975 to regulate the professional boxing industry. With the growing popularity of other combat sports, the coverage of the legislation was extended to a number of other disciplines, which pose similar risks to boxing.

The rationale for controls or restrictions on professional boxing and professional combat sports arise because of the unique context and inherent risks associated with these activities. While there is some debate in the medical literature, the evidence linking boxing and combat sports to a range of injuries is well established. More broadly, the justification for government intervention arises to correct forms of 'market failure', identified in this RIS as 'information asymmetry', 'agency problems' and 'negative externalities'.

Therefore, the objective of the proposed Professional Boxing and Combat Sports Regulations 2008 (the proposed Regulations) is to reduce these risks to an acceptable level. Specifically, the Victorian Government seeks to promote the safety of professional boxing and combat sports contestants by reducing the risk of injury, and also to reduce the risk of malpractice. The proposed Regulations seeks to achieve these objectives by giving operational effect to elements of the *Professional Boxing and Combat Sports Act 1985* (the Act) by prescribing matters including requirements for fitness and medical tests, forms, and fees.

The parties directly affected by the proposed Regulations include professional boxing and combat sport contestants, promoters, match-makers, trainers, judges and referees. A small number of medical practitioners (perhaps less than five) will also be affected. In all, these parties number around 800 persons. More broadly, consumers expect appropriately skilled and matched contests, free from mismanagement or unethical behaviour.

In Victoria, the *Subordinate Legislation Act 1994* requires that new or remade regulatory proposals that impose an 'appreciable economic or social burden on a sector of the public' be formally assessed in a Regulatory Impact Statement (RIS). A RIS provides an evaluation framework to assess the costs and benefits of the proposed Regulations. It states the objectives of proposed Regulations, examines the nature and extent of the problem that the proposed Regulations seek to address, explains the effect of the proposed Regulations and assesses the costs and benefits.

This RIS finds that the costs imposed by the proposed Regulations over a 10-year period are in the order of \$886,000, or approximately \$88,600 per annum. The Boxing and Combat Sports Board along with Sport and Recreation Victoria are

responsible for administering the Regulations. Administrative costs to the Government are estimated to be in the order of \$660,000 over a 10-year period, or approximately \$66,000 per annum. Therefore, the total costs of the proposed Regulations were calculated to be in the order of \$1.55 million over a 10-year period, or approximately \$155,000 per annum. These costs are summarised in the table below.

**Total Cost of the Proposed Regulations over a 10-Year Period**

<b>Industry/Segment Costs</b>	<b>Cost (\$'000s)</b>
Costs imposed on the boxing and combat sports industry	886
Government administration costs	661
<b>Total</b>	<b>1,547</b>

\* Numbers rounded.

The primary benefits of the proposed Regulations relate to improved safety to participants and lower mortality for contestants. It is estimated that if the proposed Regulations prevent a single serious brain injury or death over a 10-year period then the benefits will significantly outweigh the costs to the community. Other benefits of the proposed regulations may include a better quality of life for contestants, reduced long-term costs of health care to the community, and a better quality of event for spectators. In making this assessment it is acknowledged that it is difficult to precisely apportion the benefits of the proposed Regulations given that they form part of a general boxing and combat sports control regime established by the Act.

The fees in the RIS were recalculated in line with the Victorian Government’s *Cost Recovery Guidelines*. The fees partially recover the costs of administering the boxing and combat sports industry (i.e. they were set to recover the costs of processing and issuing licences, but not to recover costs associated with policy and compliance activities). The departure from the general government policy that regulatory fees be set on a full cost recovery basis was made to take into account the characteristics of the industry, to promote compliance and to maintain consistency with other jurisdictions.

Notwithstanding this, some of the fees have increased by a significant percentage. However, such increases are from a low base and given that the fees have not increased since 1997 their nominal level will remain relatively modest. It is proposed that a new fee be introduced in relation to permits to conduct a promotion. Currently there is no fee for this permit. Given that this will impose a new cost on promoters, it was decided to keep the promoter’s licence at its current rate.

### Proposed Licence, Registration and Permit Fees

Regulation	Description	Current Fee (\$)	Proposed Fee (\$)	% Increase
5	Promoter's licence	225	225	0
6	Permit to conduct a promotion	n.a	100	n.a
7	Trainer's licence	55	70	27
7	Match-maker's licence	40	70	75
7	Referee's licence	80	100	25
7	Judge's licence	40	50	25
8	Contestant registration	35	50	43

\* Numbers rounded.

The proposed fees will collect approximately \$21,000 per annum. Over a ten year period fee collections (in current dollar terms) will be around \$178,000.

The RIS also considers and assesses feasible alternatives to the proposed Regulations. These alternatives include self-regulation/industry codes and negative licensing. None of the alternatives identified was assessed as superior to the proposed Regulations in terms of the net benefits of meeting the Victorian Government's objectives. This assessment is made on the basis that the proposed Regulations provide the most effective and efficient measure to promote safety of contestants, while reducing the risks of malpractice. The main disadvantages with the alternatives are associated with safety and compliance. In addition, the proposed Regulations represent the most appropriate regulatory mechanism by which fees can be prescribed, thus satisfying the general government policy that regulatory fees should be charged to ensure that both efficiency and equity objectives are met.

The proposed Regulations were considered against a 'competition test' to identify restrictions on competition. It is assessed the proposed Regulations may impose minor restrictions on competition but the benefits of the restriction to the community as a whole outweigh the costs, and the objectives of the proposed Regulations can only be achieved by restricting competition. Further, it was assessed that the proposed Regulations will not lead to a material change in the administrative burden on business.

Finally, the risk associated with not proceeding with the proposed Regulations is that the effective operation of the *Professional Boxing and Combat Sports Act 1985* would be diminished; thus increasing the risks associated with boxing and combat sports activities.

This Regulatory Impact Statement concludes that:

- **the benefits to society of the proposed Regulations exceed the costs;**
- **the net benefits of the proposed Regulations are greater than those associated with any practicable alternatives;**
- **the proposed Regulations impose restrictions on competition, but the benefits of the restriction to the community as a whole outweigh the costs; and**
- **the proposed Regulations will not lead to a material change in the administrative burden on industry.**

## 1. INTRODUCTION

In Victoria the *Subordinate Legislation Act 1994* requires that new or remade regulatory proposals that impose an ‘appreciable economic or social burden on a sector of the public’ be formally assessed in a RIS to ensure that the costs of the proposed regulations are outweighed by the benefits, and that the regulatory proposal is superior to alternative approaches.

It has been assessed that the proposed Professional Boxing and Combat Sports Regulations 2008 (the proposed Regulations) impose an ‘appreciable burden’ and a RIS is required. This RIS formally assesses the proposed Regulations against the requirements in the *Subordinate Legislation Act 1994* and the *Victorian Guide to Regulation incorporating: Guidelines made under the Subordinate Legislation Act 1994*.

Reducing the regulatory burden on business and not-for-profit organisations is a priority of the Victorian Government. The regulatory proposals in this RIS are put forward and assessed in the context of the Victorian Government’s policy objectives to reduce the regulatory burden on business and to ensure that the proposed Regulations are well-targeted, effective and appropriate. The *Reducing the Regulatory Burden* initiative commits the Victorian Government to reducing both the administrative and compliance burdens of regulation.<sup>1</sup> Accordingly, this RIS also uses the Victorian Standard Cost Model methodology to inform the cost-benefit analysis and to measure any changes to the administrative burden.<sup>2</sup>

The assessment framework of this RIS seeks to examine the nature and extent of the problem, state the objectives of the proposed Regulations, explain the effects of the proposed Regulations on various stakeholders and assess their costs and benefits. Practicable alternatives to the proposed Regulations are also considered and assessed. As noted above, in the context of the *Reducing the Regulatory Burden* initiative, the RIS assesses if there is any net change in the administrative burden imposed on business that arise from new elements of the regulatory proposal. It also examines potential impacts on small business and competition.

The proposed Regulations include fees for a number of licences, a registration and a permit. The determination of fees in this RIS has been guided by the Victorian Government’s recently released *Cost Recovery Guidelines*, which clarify its policy

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<sup>1</sup> Victorian Government, 2006, *Reducing the Regulatory Burden: The Victorian Government’s Plan to Reduce Red Tape*, pp. 2–3

<sup>2</sup> Department of Treasury and Finance, 2007, 2<sup>nd</sup> ed, *Victorian Guide to Regulation incorporating: Guidelines made under the Subordinate Legislation Act 1994 and Guidelines for the Measurement of Changes in Administrative Burden*, Melbourne

principles underpinning cost-recovery arrangements.<sup>3</sup> The Guidelines establish a whole-of-government framework ensuring that cost-recovery arrangements in Victoria are transparent, efficient, effective and consistent with legislative requirements and government policy.

The prime function of the RIS process is to help members of the public comment on proposed Regulations before they have been finalised. Such public input, which draws on practical experience, can provide valuable information and perspectives, and thus improve the overall quality of regulations. The proposed Regulations are being circulated to key stakeholders and feedback is sought. Sport and Recreation Victoria, which is responsible for administering the *Professional Boxing and Combat Sports Act 1985* and current Regulations, welcomes and encourages further feedback on the proposed Regulations.

## **2. BACKGROUND**

### **2.1 Historical Context**

The antecedents of boxing date back to the days of antiquity. Fist fighting is depicted in a 5,000 year old Sumerian relief, while an Egyptian relief at Thebes depicts fist fighters and spectators. The ancient Greeks were the first to introduce rules to boxing and it was first accepted as an Olympic sport in 688 BC. Boxing was revived in early 18<sup>th</sup> century England in the form of bare-knuckle boxing, which was often referred to as ‘prize-fighting’. In 1743 following a number of boxing deaths, the London Prize Ring Rules were introduced. These rules, with some revision, lasted until the late 19<sup>th</sup> century. In 1867 new boxing rules were drafted under the patronage of the Marquess of Queensberry. Many aspects of modern boxing rules trace their origins to the Marquess of Queensberry Rules.<sup>4</sup>

Although the first boxing contest in Victoria is not recorded, boxing would have been introduced to the colony in 1830s (the first recorded prize-fight in Australia was held in Sydney in 1814).<sup>5</sup> Boxing enjoyed popularity during the 1850s on the goldfields. In fact, one of the longest ever recorded fights in the world, lasting six hours and 15 minutes, occurred in 1854 on the goldfields near Daylesford.<sup>6</sup> During the bare-knuckle era prize-fights were often of a surreptitious nature and associated with gambling. In 1884 a Melbourne boot maker died in a bare-knuckle prize-fight in Sydney, while in the same year the first Australian heavyweight championship was

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<sup>3</sup> Department of Treasury and Finance, 2007, *Cost Recovery Guidelines: Incorporating the information formerly published in the Guidelines for Setting Fees and User-charges Imposed by Departments and Central Government Agencies*, Melbourne

<sup>4</sup> Boxing: <http://en.wikipedia.org/wiki/Boxing>

<sup>5</sup> Kieza, G., 1990, *Australian Boxing: The Illustrated History*, Lester-Townsend Publishing, NSW, p.8

<sup>6</sup> loc cit.

held under the Marquess of Queensberry Rules.<sup>7</sup> These events effectively marked the end of bare-knuckle boxing and the beginning of the ‘gloved’ era.

It is interesting to observe that even during earlier eras of boxing, the inherent risks of the sport were recognised and rules, albeit rudimentary, were developed to promote the safety of contestants, e.g. the enumeration of fouls, limits on the number of rounds, rest periods between rounds, and later, the wearing of gloves.

Boxing became extremely popular during the first half of the 20<sup>th</sup> century, with popularity peaking from around the time of the First World War to the 1940s. In addition to formally organised bouts, tent boxing or booth boxing became popular during this period. Typically, troupes of boxers would appear at agricultural shows or other events and members of the public were invited to challenge a fighter, usually receiving money in return if they could last a number of rounds. The most famous troupe over this period was Jimmy Sharman’s Boxing Tent.

By the latter half of the 20<sup>th</sup> century clear medical evidence began to emerge concerning boxing injuries, particularly injuries related to brain damage. While the popularity of boxing began to wane during this period, the 1970s witnessed a rise in the interest in martial arts and other combat sports, e.g. kickboxing, Muay Thai, and Kun Khmer. In fact, of the promotions and bouts held in Victoria in 2007, around three-quarters involved these disciplines. In addition to these developments, females now compete in these events and currently around 10 per cent of registered contestants in Victoria are females.

## **2.2 Background to Regulation of Boxing in Victoria**

Prior to the 1970s, boxing in Victoria was free from government regulation.<sup>8</sup> However, by the early 1970s there were growing concerns regarding boxing injuries. In line with these concerns, in 1974 the Commonwealth held an inquiry into boxing and other combat sports.<sup>9</sup> The final report concluded that the ‘existing controls for Australian professional boxing are fragmented and generally inadequate’.<sup>10</sup>

Shortly following this report, in late 1974 a young man died following a tent boxing fight in Geelong. This incident precipitated the introduction of the *Professional Boxing Control Act 1975*, and represented the first statute in Australia to regulate and control the conduct of professional boxing contests. The Act required promoters to obtain a licence and contestants to be registered in a ‘register of boxers’. The most

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<sup>7</sup> loc cit.

<sup>8</sup> The only relevant provision appeared to be regulation 267 of the Police Regulations, which set out charges to be paid by promoters for police attendance within a place where payment is made for admission

<sup>9</sup> Department of Tourism and Recreation, 1974, *Report on the interdepartmental committee inquiry into boxing and other combat sports*, AGPS, Canberra

<sup>10</sup> *ibid.*, p. 34

important aspect of the Act was to mandate fitness requirements for contestants and to require medical care to be provided at contests.

The *Professional Boxing Control Act 1975* and *Professional Boxing Control Regulations 1976* represented a landmark in regulating professional boxing. To improve the effectiveness of the regulatory regime and to take account of the increasing popularity of other combat sports (which pose similar safety risks as boxing), the *Professional Boxing Control Act 1975* was repealed and replaced by the *Professional Boxing and Martial Arts Act 1985* (renamed the *Professional Boxing and Combat Sports Act 1985* in 1996).

### **2.3 Regulatory Framework in Victoria**

#### *2.3.1 Victorian Government Policy*

The role of government policy is to provide a mechanism to promote the safety of contestants and to minimise the risk of malpractice. Control of the boxing and combat sports industry in Victoria is necessary because the characteristics of the sport pose inherent risks; particularly the close contact nature of the sport in which heavy physical punishment may be sustained, and the opportunity for industry participants to engage in business practices which may raise probity concerns.

Victorian Government policy is articulated in the *Professional Boxing and Combat Sports Act 1985*, the stated purpose of which is to promote safety and reduce the risk of malpractice. This was re-iterated in December 2007 during the Second Reading Speech of the Professional Boxing and Combat Sports Amendment Bill, in which Mr Merlino MP, Minister for Sport, Recreation and Youth Affairs noted that the purpose of the Act:

“perfectly express[es] the challenges that arise in the professional boxing and combat sports industry. It is an industry that requires controlling. It is also an industry that requires a high level of alertness about safety issues and the risk of malpractice. Unlike other professional sports there is no non-government organisation that controls all aspects of professional boxing and combat sports. That is why it is governments’ responsibility to control the industry through legislation.”<sup>11</sup>

#### *2.3.2 Current Regulatory Framework*

Professional boxing and combat sports are governed by a hierarchy of government and industry controls – the Act, the Regulations and Rules, along with rules governing the various boxing and other combat sports associations. It is important to

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<sup>11</sup> Hansard, Assembly, Second Reading Speech, Professional Boxing and Combat Sports Amendment Bill, 6 December 2007, p. 4416

note that the overarching regulatory requirements are imposed by the Act itself, rather than by the Regulations.

The *Professional Boxing and Combat Sports Act 1985* establishes the broad regulatory framework for controlling professional boxing and combat sports in Victoria. Specifically, the Act establishes a system of approvals (permits) to conduct professional contests, a licensing regime for promoters (including setting out the duties of a promoter), trainers, match-makers, referees and judges, and also provides a framework to register contestants. The registration requirement of contestants is the mechanism by which their medical fitness is initially assessed. The legislation seeks to reduce the danger to contestants to a controllable level through a range of provisions including:

- requiring officials and other key industry participants to be licensed and to comply with conditions;
- appropriate controls on promotions (events) and contests;
- provisions to monitor contestant's fitness, health and safety including requirements for reporting by medical practitioners; and
- powers to suspend or cancel permits, licences or registrations for a range of reasons ranging across fitness, health, skill levels and breaches of the Act, Regulations and corresponding enactments in other jurisdictions.

To further ensure safety of contestants, the Act requires promoters to ensure that a medical practitioner is in attendance at every professional contest they promote. In the regulations, formal obligations are imposed on the ringside medical practitioner in the event of a contestant being knocked-out or the referee stopping a contest because a contestant is physically unable to continue. The Regulations, in combination with the Rules, impose a requirement for referees to have appropriate knowledge and skills; for example to recognise a danger to a contestant if a contest is allowed to proceed after sufficiently incapacitating blows have landed. The licensing of referees, judges and match-makers operates as a safeguard against inappropriate practices. New provisions of the Act (to take effect from 1 July) that enable the Board to determine which individuals may perform the role of timekeeper will also promote safety and guard against inappropriate practices.

Section 14 of the Act establishes the Professional Boxing and Combat Sports Board, which administers the licensing and registration scheme and controls the conduct of professional boxing and combat sports contests. The Board is also able to engage persons with special experience from time to time to enable it to carry out its functions.

In terms of coverage, the Act defines boxing as fist fighting. Combat sport 'means kickboxing or any sport or activity in which each contestant in a contest or exhibition of that sport or activity is required to strike, kick, hit, grapple with, throw or punch the other contestant and that is determined by the Minister to be a combat sport for

the purposes of this Act.” The Minister, on the advice of the Professional Boxing and Combat Sports Board and Sport and Recreation Victoria seeks to bring all activities of this type under the control of the Act. To date this has not included contests of a primarily theatrical nature.

Once the Minister has determined that a sport or activity is a combat sport for the purposes of the Act the sport or activity is subject to the requirements of the legislation and regulations. The Board may then decide whether or not to issue a permit to conduct a promotion involving such sports or activities and the Minister may direct the Board in relation to such matters. In these circumstances, it is illegal to conduct a promotion including such sports or activities without a permit issued by the Board.

The definition of combat sport is designed to allow the Minister to bring emerging forms of combat sports within the purview of the Act efficiently. It would be very difficult to adequately describe the styles of widely varying disciplines that may need to be controlled under the Act in a single definition. In addition, due to the potential number and constant evolution of new disciplines, listing each by name is also impractical. The activities that have been determined to be combat sports for the purposes of the Act, in addition to kickboxing, and can therefore be controlled under the Act, include the following:

- Kyokushin Karate (section 27 of the Act)
- Muay Thai (Thai Boxing);
- ring Karate;
- mixed martial arts;
- Shooto; and
- any combat sport contests in cages.

It should be noted that traditional forms of martial arts such as karate, kendo, judo, taekwondo and sports such as wrestling are conducted on an amateur basis and are therefore not required to be determined as combat sports under the Act. Should an individual seek to conduct a commercial promotion involving forms of these disciplines it is likely such a sport or activity would be determined under the Act.

The Regulations give operational effect to key aspects of the Act by prescribing forms, fees, and details of fitness and (in future) medical tests.

In addition to the Regulations, section 23 of the amended Act will provide that the Board may make Rules for the proper conduct of professional contests. The Rules regulate the conduct of promotions and support the regulatory scheme by providing directions for dimensions of the ring, procedure for contests, details of weight

divisions, foul practices, scoring, and numerous other details to improve the safety of contestants.

Furthermore, these statutory requirements may be supplemented by rules prescribed by boxing and combat sports associations. For example, the World Boxing Council Rules and Regulations prescribe detailed requirements for contestants competing for a title. These overlay Victorian regulation in some instances and may include yearly medical examinations, medical examinations at weigh-ins and post-bout and knock-out medical examinations.

While they vary in scope and application, NSW, Western Australia, South Australia and the ACT all have dedicated laws regulating professional boxing and/or martial arts/combat sports. Only Queensland, Tasmania and the Northern Territory do not have specific regulatory controls over these sports. It should be noted, however, that in August 2007 the Queensland Government circulated a discussion paper to consider options to regulate boxing and combat sports<sup>12</sup>, while in Tasmania these activities are on a very small scale (and police and criminal code laws exercise some control over boxing and combat sports in Tasmania).

#### **2.4. Operational Characteristics of the Industry**

The Act provides that professional contestants and other industry participants are to be registered or licensed. There are currently around 800 persons registered and licensed under the Act.

The Act provides definitions of key players in the industry and describes their activities as:

- professional contestant – a boxer who boxes in any professional boxing contest or a person who competes in a professional combat sport contest. As a condition for registration under the Act, a professional contestant must be 18 years of age or older ;
- professional boxing and combat sport contests – any contest or exhibition that is conducted for profit, or in which contestants participate for monetary reward, or to which the public is admitted on the payment of a fee for admission (some exceptions apply);
- promoter – any person who promotes a professional contests. Promoters may also be involved in the industry in other ways, for example they are sometimes also licensed trainers;
- match-maker – a person who acts on behalf of a promoter to arrange professional contests between particular professional contestants;

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<sup>12</sup> Department of Local Government, Planning, Sport and Recreation, 2007, *Safety for Boxing and Combat Sports: A Discussion Paper to Review Regulatory Options*, Queensland Government

- referee – a person who controls the conduct of professional contestants during that contest;
- judge – a person who determines the points scored by each contestant;
- timekeeper – a person who regulates the number and length of rounds, and the interval between rounds, of a professional contest (definition to be inserted from 1 July 2007); and
- while not defined in the Act, a trainer supervises the training or instruction of professional contestants and may enter the ring at promotions.

Table 1 below shows the numbers of persons in these categories registered or licensed under the Act.

**Table 1: Numbers of Persons Registered or Licensed under the Act<sup>13</sup>**

Licence Category	Number
Contestants	499
Promoters	32
Trainers	183
Match-makers	17
Referees	21
Judges	53

Source: Professional Boxing and Combat Sports Board, data as at February 2008

Compared with other sports, professional boxing and combat sports in Victoria operate on a relatively small scale. In 2007 there were 53 promotions held, of which approximately one-third involved boxing. In recent years the number of promotions per annum has increased (from 1998 to 2006 the average number of promotions was around 30 per annum). A boxing promotion usually has about 5 or 6 contests, while a combat sports promotion usually has about 7 or 8 contests. The average crowd in attendance at professional boxing contests is around 1,000 but can vary from 500 to 3,000 depending on the popularity of the contestants and whether it is a title bout. Crowd attendances for combat sports are of a similar order. Contests are held at various localities (e.g. suburban sporting stadiums, hotels, medium-sized arenas), usually in the metropolitan area. Only a small number of industry participants engage in boxing as a full-time commercial activity. Generally, the activity provides an irregular means of income.

<sup>13</sup> The numbers illustrated in Table 1 may overstate the size of the industry. For example, some licensed promoters have not conducted a promotion for several years, while a number of persons may register as a professional contestant but not continue to participate after one or two contests. In addition, in 2007 a total of 105 contestants from other jurisdictions (72 interstate and 32 international contestants) were registered in Victoria, some of whom did so to engage in a single or small number of fights.

Amateur boxing in Victoria is self-regulated through the Victorian Amateur Boxing Association (VABA) and the Victorian Amateur Boxing League (VABL). . The VABA is affiliated with the Amateur Boxing Union of Australia (ABUA), which in turn is affiliated with the International Amateur Boxing Association (IABA). These affiliations are the vehicle through which Australia competes in the Olympic Games, Commonwealth Games and World Championships.

The safety risks associated with amateur boxing are regarded as smaller than those associated with professional boxing. For example, bouts are usually limited to three or four rounds of two minutes duration and contestants wear protective head gear. The data on sports injuries shows that reported injuries per hour of participation are lower for amateur boxing than for most other contact and non-contact sports.<sup>14</sup> The issue of probity is also less likely to arise in amateur events..

Aside from professional kickboxing and Kyokushin Karate contests, martial arts are mostly amateur and include Ju-Jitsu, Karate, Kung Fu, Kendo, Judo, Aikido, Tae Kwondo, Tai Chi Chuan, Silat, Tang Soo Do, Ninjutsu and Savate. Within these categories, there are variations of a particular type of contact, for example, there are some six streams of karate and many more derivatives related to these.

### **3. NATURE AND EXTENT OF THE PROBLEM**

#### **3.1 Nature of Boxing and Combat Sports Injuries**

Broadly, boxing and combat sports are activities involving considerable risks. While there is some debate in the medical literature, the evidence linking boxing and combat sports to a range of injuries is well established.<sup>15</sup> The range of these injuries was extensively examined in 1994 by the National Health and Medical Research Council (NHMRC) in its report *Boxing Injuries* and was further updated in 2002 by the Standing Committee on Recreation and Sports' (SCORS) report *Counting Injuries Out of Boxing*.<sup>16</sup>

These reports examined the existing medical evidence and summarised these findings, which included injuries related to the brain, neuropsychological impairment, eye injuries and other injuries including those to the nose and ears, cranial and peripheral nerve and contusions of the kidneys.

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<sup>14</sup> Zazryn, T., Cameron, P., McCrory, P., 2006, *A prospective cohort study of injury in amateur and professional boxing*, British Journal of Sports Medicine; 2006: 40: p. 672

<sup>15</sup> For a comprehensive review of boxing injuries see: Unterharnscheidt, F. and J., c2003, *Boxing: Medical Aspects*, Academic Press, London. San Diego

<sup>16</sup> National Health and Medical Research Council, 1994, *Boxing Injuries*, AGPS, Canberra; and Scott, I., et al, 2002, *Counting Injuries Out of Boxing*, Report prepared by the Monash University Accident Research Centre for Standing Committee on Recreation and Sport (SCORS)

Further, cuts and lacerations are common in boxing and combat sports. Provided that a cut is not serious, the contest may continue (i.e. there is no ‘blood rule’ as in other sports such as Australian Football). This poses a risk that blood borne diseases such as HIV and Hepatitis B or Hepatitis C may be transmitted to contestants or anyone sitting near the ring apron (the area in immediate proximity to the ring surface).

In addition to the inherent risks associated with close contact body sports, specific safety issues may arise in professional boxing and combat sports. These may include mismatching due to differences in skill, illegal wrapping of hands, use or attempted use of unsuitable gloves, appointment of ‘biased’ or incompetent referees, judges or timekeepers, or contestants resuming too quickly after injury.

Registration provisions require contestants to provide a certificate of fitness for participation in boxing and combat sports. Around ten contestants have been refused registration over the past 10 years, each of these on medical grounds.

The 1975 Act effectively prohibited tent, booth and saloon boxing. Therefore, the question arises as to the extent of unauthorised contests. Given the surreptitious nature of such fights it is extremely difficult to establish the extent, if any, that this occurs. In 2000 a newspaper article examined claims that bare-knuckle fights were being conducted by motorcycle enthusiasts in secret locations across Melbourne. It also claimed that a bare-knuckle contest occurred in Prahran and that there were four major contests a year in Footscray and Sunshine.<sup>17</sup> The Board investigated these claims, but could not substantiate them. Given the anecdotal nature of these reports, it would appear that the incidence of unauthorised fights is extremely low, if not practically non-existent.

### **3.2 Extent of Boxing and Combat Sports Injuries**

There have been very few studies measuring the extent of boxing and combat sports injuries in most international and national jurisdictions. Part of this relates to the difficulty in obtaining data and methodological flaws associated with previous studies.<sup>18</sup> However, in Victoria a research project was undertaken to measure the extent of such injuries from 1985 to 2005 and found that injuries occur in approximately 20 per cent of contests (see Attachment A). Specifically, the study found that from 1985 to 2005 1,199 boxing contests were conducted resulting in 246 injuries (20.5 injuries per 100 contests), while 2,518 combat sport contest were undertaken resulting in 458 injuries (18.2 injuries per 100 contests). These figures are likely to underestimate the extent of injuries given that they do not measure injuries sustained while training (e.g. sparring) and longer term injuries. It is worth noting that few of these injuries are life threatening.

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<sup>17</sup> The Sunday Herald-Sun, 17 May 2000, Mark Dunn, pp. 1-2

<sup>18</sup> Scott, I. *et al*, *ibid*, p. iii

In relation to specific boxing injuries, a study examined all Victorian professional boxing fight outcomes and injuries sustained during competition from 1985 to 2001. A total of 107 injuries were recorded from 427 fight participations, corresponding to an injury rate of 25 injuries per 100 fight participations. The most common body region injured was the head/neck/face (89.8 per cent), followed by the upper extremities (7.4 per cent). Injuries to the eye region (45.8 per cent) and concussion (15.9 per cent) were the most common. Around three-quarters of the injuries were superficial bruising or lacerations.<sup>19</sup>

Another study relating to injuries sustained by professional kickboxers in Victoria found that from 1985 to 2001 382 injuries were recorded from 3,481 contestants. The most common body region injured was the head/neck/face (52.5 per cent), followed by the lower extremities (39.8 per cent). Specifically, injuries to the lower leg (23.3 per cent), the face (19.4 per cent) and intracranial injury (17.2 per cent) were the most common. Approximately 64 per cent of the injuries were superficial bruising or lacerations.<sup>20</sup>

The most catastrophic result of a boxing or combat sports contest is the death of a contestant. In Australia from 1893 to 1972, 88 deaths are known to have occurred as a result of boxing injuries.<sup>21</sup> These are summarised in Table 2 below. It is worth observing that this period roughly coincides with the beginning of the ‘gloved’ era up until the point of government regulation of boxing. It is also noted that there is considerable clustering in the period 1910–1939, with 61 deaths occurring in this period. Most of these deaths were due to subdural haemorrhage and intracerebral bleeding.<sup>22</sup> Since the introduction of legislation in 1975 controlling professional boxing in Victoria there have been only 2 deaths, and none involving contestants from combat sports.

**Table 2: Boxing Deaths in Australia, 1893 – 1972**

Year(s)	Number of deaths
1893	1
1900 – 09	2
1910 – 19	22
1920 – 29	16
1930 – 39	23
1940 – 49	11

<sup>19</sup> Zazryn T, Finch C, McCrory P., *A 16-year prospective study of injuries to professional boxers in Victoria*, British Journal of Sports Medicine 2003; 37: 321-325

<sup>20</sup> Zazryn T, Finch C, McCrory P., *A 16-year prospective study of professional kickboxing injuries in Victoria*, British Journal of Sports Medicine 2003; 37: 448-452

<sup>21</sup> Department of Tourism and Recreation, 1974, Report on the interdepartmental committee inquiry into boxing and other combat sports, AGPS, Canberra, p. 50

<sup>22</sup> loc cit.

1950 – 59	5
1960 – 69	6
1970 – 72	2

Source: Report on the interdepartmental committee inquiry into boxing and other combat sports, p. 50

In terms of the rate of injuries or deaths, a comparison could theoretically be made with Queensland where boxing and combat sports are not explicitly regulated by government. Unfortunately, given that these sports are not regulated there is no data in which a meaningful comparison can be made. The only relevant data is from the Queensland Injury Surveillance Unit which records injury presentations at emergency departments in Queensland hospitals. Combat sports ranks tenth in terms of sports-related hospital presentations, but represents only 2.6 per cent of the sports-related injuries identified. Sports-related injuries comprise 10 per cent of all injury presentations.<sup>23</sup>

#### **4. BASE CASE**

The ‘base case’ describes the legislative and regulatory position that would exist in the absence of the proposed Regulations. It is necessary to establish this position in order to make a considered assessment of the incremental costs and benefits of the proposed Regulations. In broad terms, the base case is represented by the level of protection afforded to contestants by laws currently in place, but in the absence of the proposed Regulations.

Given that Victoria’s professional boxing and combat sports control regime is established through an interaction of the Regulations and the Act, a definitive base case is not easy to establish. For the purpose of this RIS, in the absence of the proposed Regulations, the base case is assumed to be represented by controls established by the Act itself (although a view could be put that the Act could not function without the Regulations). Broadly, in the absence of the proposed Regulations the base is presented as the operation of the Act, however:

- prerequisites for contestants’ registration and promoters’, trainers’, match-makers’, referees’ and judges’ licences referred to in the Act would not be prescribed. Presumably the Minister or Board would need to assess applications on a case-by-case basis;
- criteria for pre- and post-contest medical examinations, fitness assessments and medical tests would not be prescribed. This could place contestants at risk and may lead to uncertainty for health professionals;
- ten forms, including application forms that applicants for licences and registration are required by the Act to use, would not be prescribed. If it were

<sup>23</sup> Department of Local Government, Planning, Sport and Recreation, *ibid.*, p. 12

possible to apply for a licence or registration in these circumstances, this would add to search costs for industry participants, adding confusion and complexity to the application process. Standard forms provide a convenient, low cost method of setting down information requirements. It is also likely that non-standard information would add to Government's administrative costs as well as inconvenience for applicant in situations where the Board requests further information. In addition there is a danger that unfit contestants might not be identified before or after a professional contest without the clear procedure set out in these forms;

- seven fees referred to in the Act (some collectively) would not be prescribed. This would be contrary to Government policy under the *Cost Recovery Guidelines*, which establish the general cost recovery arrangements to support Government policy and objectives.

## **5. RATIONALE FOR REGULATING BEYOND THE BASE CASE**

### **5.1 Market Failure**

Economists generally begin from the premise that any economic activity should be free of regulation unless it can be shown that it is subject to 'market failure', which, if left unregulated, will not generate socially efficient outcomes. This is usually taken to be that which maximises the sum of the net benefits of the activity to producers and consumers. In the case of professional boxing and combat sports, forms of market failure known as 'information asymmetry', 'agency problems' and 'negative externalities' may be relevant.

Information asymmetry may arise when a party makes a sub-optimal decision based on limited information. Professional contestants may not have a knowledge associated with the nature of boxing injuries. For example, the fact that brain injury may result from a seemingly mild head injury is generally supported in medical literature despite absence of gross neurological abnormalities. Without controls over boxing and combat sports contestants may place their health and safety at considerable risk. By providing fitness and medical testing, the proposed Regulations seek to provide a mechanism to reduce the health and safety risks by providing contestants (and the Board) with a greater level of information to assess these risks.

Market failure may also occur where conflict of interests arise between a principal and agent (known as 'agency problems'). In such circumstances, an industry participant motivated solely in terms of financial gain may suggest that a contestant compete in circumstances where they are not fit or where there is a skill mismatch. Licensing of such industry participants seeks to improve the probity of the industry by reducing the risk of agency problems.

Another justification for government intervention is to reduce possible negative externalities. Negative externalities occur when an activity imposes costs (which are not compensated) on parties not directly involved in the activity. In the case of boxing and combat sports, a control regime that reduces the incidence and severity of injuries is likely to reduce calls on the public health system.

## **5.2 Nature of Licensing**

A licence is a regulatory instrument issued by government to do or own a specific thing. Occupational licences are common in areas where government seeks to reduce risks to individuals and the community by ensuring levels of skill or probity. Examples of such licences include heavy machinery operator's licence (skill), admission to practice law (skill and probity) and for security personnel (probity). In the case of boxing and combat sports, licensing and registration is used to restrict participation in the industry to persons with the requisite skills and good health in order to reduce safety risks and the risk of malpractice.

This rationale was supported by the national Standing Committee on Recreation and Sport (SCORS) Working Group on Boxing and Combat Sports which found that registration and licensing systems enhance the safety of participants and minimise the incidence of malpractice in professional bouts.<sup>24</sup>

## **6. OBJECTIVE OF THE REGULATIONS**

The rationale for controls or restrictions on professional boxing and combat sports arise because of the unique nature and inherent risks associated with these activities. To reduce these risks to an acceptable level, the proposed Regulations seek to cost effectively:

- promote the safety of professional boxing and professional combat sports contestants by reducing the risk of injury; and
- reduce the risk of malpractice.

Specifically, the proposed Regulations seek to achieve these objectives by giving operational effect to elements of the Act by prescribing matters including fitness and medical tests, forms, and fees.

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<sup>24</sup> Quoted in NSW Department of Sport and Recreation, 2001, *Review of New South Wales Boxing and Wrestling Control Act 1986: Issues Paper*, p. 3

## **7. DESCRIPTION OF THE PROPOSED STATUTORY RULE**

### **7.1 Description of Proposed Regulations**

#### *Part 1 — Preliminary: Regulations 1 to 5*

Proposed Regulations 1 to 5 are machinery in nature and set out the objectives, authorising provision, commencement date and provide definitions.

Proposed Regulation 1 sets out the objectives of the proposed Regulation, which are to prescribe forms, fees, fitness tests, medical examinations and tests and other matters for the purposes of the Act. Proposed Regulation 2 provides the authority under which the proposed Regulations are made. The proposed Regulations are made under section 22 of the Act. Proposed Regulation 3 provides that the proposed Regulations will come into operation on 1 July 2008. Proposed Regulation 4 revokes the current Regulations. Proposed Regulation 5 provides definitions of ‘blood test’, ‘contestant registration record’, ‘officials’, ‘relevant virus’, and ‘the Act’.

#### *Part 2 — Licences, Permits and Registrations: Regulations 6 to 11*

Proposed Regulation 6 deals with an application for a promoter’s licence. It provides that such applications or renewals must be made on the Form 1 in the Schedule to the proposed Regulations. In order to be eligible to be issued a licence to act as a promoter a person must demonstrate that he or she has an appropriate knowledge of the Act, regulations, rules and conditions that are relevant to the role of the promoter. The licence fee for a promoter’s licence is \$225.00 for a three-year period.

Proposed Regulation 7 deals with promotion permits. An application for a promotion permit must be made in Form 2 in the Schedule and is required to be lodged with the Board at least 14 days before the date of the proposed promotion or a shorter period decided by the Board. For the purposes of section 6 of the Act, an applicant for a promotion permit must demonstrate that they have the capacity to pay for the promotion, all professional contestants are adequately matched having regard to experience, competence and weight, and the proposed venue is satisfactory for the purposes of conducting a professional contest. Further, timekeepers for the promotion must be drawn from the list approved by the Board and adequate security must be provided to protect officials and licensed persons from verbal and physical abuse and threats. In addition, females must not be matched against males. The fee for each promotion permit is \$100. This is a new fee.

Proposed Regulation 8 sets out the requirements to obtain a licence to act as a trainer, match-maker, referee or judge. An application for a licence, or the renewal of a

licence, to act as a trainer, match-maker, referee or judge must be made in the form of Form 3 in the Schedule of the proposed Regulations.

In order to be eligible to be issued a licence to act as in these roles a person must demonstrate that they have an appropriate knowledge of the Act, regulations, rules and conditions that are relevant to the licence sought. In addition, applicants to act as a referee or judge must have adequate eyesight or wear glasses or contact lenses to correct their eyesight, to fulfil these roles at a promotion. To prevent unnecessary administrative and financial burden an individual licensed to act as a referee is also authorised to act as a judge, without applying separately for a licence to act as a judge. This reflects the fact that the ability to judge is a subset of the skills required to be a referee.

In order to be eligible to be issued a licence to act as a match-maker a person must have significant experience in the industry as a trainer, contestant or promoter and have a good knowledge of professional contestants and their relative skills. A person applying for a trainer's licence must have a current First Aid certificate, and is likely to have this as part of their role at their designated gym.

The proposed fee for the issue or renewal of a licence is as follows: a trainer – \$70; match-maker – \$70; referee – \$100, and judge – \$50. These licences have a three-year duration.

Proposed Regulation 9 provides requirements for the registration of a professional contestant. It provides that a professional contestant must possess an adequate level of skills for professional contests. These skills include defensive skills, evasive skills and speed of reaction, mobility and ring generalship, strategic and tactical awareness, and endurance and stamina. An applicant must also provide details of his or her most recent amateur and professional contests. In addition, an applicant must provide a certificate in Form 7 certifying he or she is not unfit with regard to blood tests for relevant viruses. An application for registration or the renewal of registration as a professional contestant must be made in the form of Form 4 in the Schedule. The fee for registration or renewal of registration as a professional contestant is \$50 for a three-year period.

Proposed Regulation 10 provides that a certificate of fitness required by section 10A(2)(d) or section 10C of the Act must be in Form 5 in the Schedule.

Proposed Regulation 11 imposes reporting requirements on professional contestants registered in Victoria when they compete outside Victoria in contests that are not controlled by a licensing authority. This includes all contests in Queensland, Tasmania, Northern Territory and overseas, and any fights in states with recognised licensing authorities (such as NSW) that are not controlled by those authorities. It provides that any professional contestant registered and resident in Victoria who competes in such contests must enter details of that contest in their Contestant

Registration Record. They must also ensure that the Board is advised of the result of that contest and any injury sustained. A professional contestant who competes in such professional contests must not compete in any subsequent professional contest until they have advised the Board of such matters.

*Part 3 — General: Regulations 12 to 19*

Section 13A of the Act establishes a new requirement for a list of timekeepers to be held by the Board. Proposed Regulation 12 provides that where a timekeeper is added to the list, his or her name, contact information and date of listing must be recorded by the Board.

Proposed Regulation 13 sets out the duties of a medical practitioner. For the purposes of section 12(2) of the Act a medical practitioner must:

- following the completion of the pre-contest examination, record the results of that examination in Part A of Form 6 in the Schedule;
- following the completion of the professional contest, examine the professional contestant and record the results of that examination in Part B of Form 6 in the Schedule; and
- enter all contest details, including result and status, together with particulars of any concussion or other injury, in the professional contestant's Contestant Registration Record and notify the professional contestant's trainer if the contest is declared to be unfit.

The regulation also provides that if a professional contestant is knocked out or judged unable to continue or receives heavy punishment in a contest the medical practitioner engaged by the promoter to attend the contest must make suitable arrangements for the observation, transportation and/or subsequent medical treatment of the professional contestant.

Proposed Regulation 14 provides that a registered professional contestant must undertake fitness testing at least every twelve months from the date of registration and provide a corresponding fitness certificate in Form 5 to the Board before their next contest.

Proposed Regulation 15 provides that a professional contestant must undergo a blood test before each professional contest in which the contestant competes. However, if the contestant has had a blood test not more than 6 months before the date of the professional contest, the contestant is not required to undergo a further blood test before the professional contest. This regulation also sets out matters a medical practitioner should consider when assessing whether a professional contestant is unfit in relation to relevant viruses. As soon as practicable after undergoing a blood test and before the professional contestant's next professional contest, the professional contestant must give the Board a certificate in Form 7 of the Schedule.

It is recognised that the provision of the results of blood tests to the Board may have potential social costs in that there is some interference with contestants' privacy. It is acknowledged that these costs exist, however it is considered that they are relatively minor and that the benefits of conducting regular blood tests far outweigh the potential social costs.

Form 7 contains a "consent of release of blood test results" to the Board. If the consent is signed by the contestant and the results are forwarded to the Board, the information is considered medical in nature and therefore confidential. The information will not be provided to a third party or used for any other unauthorised purpose. Contestants will be asked when they apply for registration using Form 4 to consent to the collection of medical information on the understanding that is collected to protect their health and safety and that of others and will be kept private in accordance with the **Health Records Act 2001**, except where disclosure to other parties is provided for in the Act and the Regulations.

Proposed Regulation 16 provides that the Board may direct a professional contestant to present for a medical test after a professional contest if, on a medical practitioner's advice, it reasonably considers that the test is in the interests of the professional contestant's health and safety. Such a direction must be in Form 8 of the Schedule. The contestant must give the Board a certificate in Form 9 before his or her next professional contest.

Proposed Regulation 17 deals with the reporting of a professional contestant as unskilled. Pursuant to section 10(1)(b) of the Act. Such a report must be in the form of Form 10 in the Schedule.

Proposed Regulation 18 sets down requirements for international and interstate professional contestants. The regulation provides that international and interstate professional contestants must arrive in Victoria within 24 hours or the shorter period decided by the Board, having regard to the distance travelled and the health and safety of the contestant, before participating in a professional contest.

Proposed Regulation 19 provides that a promoter must ensure that only a person authorised by the Board sits in any seat around the ring apron and persons holding licences, permits and registrations must not verbally or physically abuse or threaten officials (defined as the Board, the Secretary to the Board and other departmental employees, referees, judges, timekeepers and medical practitioners).

## **7.2 Comparison with Current Regulations**

The proposed Regulations are substantially similar to the current Regulations; however, elements of the proposed Regulations have been redrafted to improve their clarity. A number of changes have been included in the proposed Regulations, which seek to strengthen the regime in terms of improving the safety of contestants and to minimise the risk of malpractice. The key proposed changes and the rationale for these changes are discussed below:

- proposed Regulations 14 and 15 – annual fitness tests and requirements for six-monthly blood tests to protect the health and safety of professional contestants;
- proposed Regulation 16 – provision of other medical tests as directed by the Board on the advice of a medical practitioner to protect the health and safety of professional contestants;
- proposed Regulations 9(2)(b) and (c) – specification of prerequisites for registration of contestant to set require an adequate level of skills for potentially dangerous competition and to require an applicant to submit a Form 7 indicating they are not unfit in relation to relevant viruses;
- proposed Regulation 10 – removal of the general fitness questionnaire in Form 4 to obviate an unnecessary administrative burden. The requirement replacing this leaves assessment of fitness to the expert opinion of the examining medical practitioner;
- proposed Regulation 12 – a requirement for recording timekeepers’ details; and
- Proposed Regulation 7(1)(b) – a new fee of \$100 for a promotion permit;
- Proposed Regulation 17 – a requirement that the results of an assessment of a professional contestant’s skills pursuant to section 10B(1)(b) of the Act must be recorded in Form 10;
- Proposed Regulation 18 – a requirement that professional contestants intending to compete in Victoria must arrive in Victoria 24 hours before the contest, or the shorter period decided by the Board having regard to the distance travelled and the health and safety of the contestant; and
- Proposed Regulation 19(2) – prohibition of verbal and physical abuse or threats by licensed and registered persons against officials.

Prior to 1996 when contestant registration in Victoria was on an annual basis, a fitness test was required for re-registration. Since registration has been increased to a three-year period, fitness testing associated with registration is now only required once every three-years. Given the increased risks associated with participation by unfit contestants, it was considered that annual fitness assessments better managed these risks.

Similarly, it is current practice for contestants to undertake blood tests prior to registration and six-monthly blood tests after registration (although this is not specified in the current Regulations). Following consultation with the Board's Medical Advisory Panel (MAP) and the Department of Human Services, six-monthly serology testing will be formalised in the proposed Regulations. This period is considered appropriate given that blood borne diseases can remain undetectable in the early stages of infection. Tests need to be undertaken frequently because contestants may run the risk of infection in competition and training. The focus of the tests will be to establish whether or not the contestant is unfit in relation to a relevant virus.

The current Regulations do not provide for medical testing other than for certificates of fitness. It is proposed that the medical safety aspects of the Regulations be strengthened by providing the Board with the power, upon advice from a medical practitioner, to direct a contestant to undertake a medical test such as a brain scan (including Magnetic Resonance Imaging (MRI) scans) or an eye test to detect possible injuries. A requirement for MRI scans also applies in South Australia.

The current regulations do not include any prerequisites for registration. In addition to pre-registration blood testing, the key new prerequisite is that the applicant has an adequate level of skills for professional contests. The regulations also address the issue of professional contestants who are already registered who may lack the required skills. Proposed Regulation 17 prescribes details to be completed by the Board in situations where it considers a contestant 'unskilled'. It should be highlighted that this requirement is imposed by the Act, rather than the proposed Regulations, and that it was recently introduced in the *Professional Boxing and Combat Sports Amendment Act 2008* to clarify the intention of the Act. Prior to the amendment a contestant's registration could only be cancelled on medical grounds. Situations may arise, however, where a contestant is medically fit but, through lack of training or natural ability, they put themselves at risk as a result of a lack of skills.

Form 4 within the current Regulations contains a six page medical history questionnaire. The MAP has advised that many of these questions are not necessary or appropriate in assessing a contestant's fitness for participation in professional contests for the purposes of the Act. This form will be replaced with a streamlined form which will allow a medical practitioner to use their expert opinion to assess a contestant as fit or unfit and better protect contestants' privacy.

Under past legislation, timekeepers were required to be licensed. This requirement was removed in 1997. Given that a matter of seconds can determine the result of a contest and the degree of harm to an injured contestant, it is essential that timekeepers are appropriately skilled. As an alternative to licensing, the *Professional Boxing and Combat Sports Amendment Act 2008* added a requirement that timekeepers used at professional contests be sourced from a list established by the Board. Proposed

Regulation 12 simply requires that the name of the timekeeper, contact details and date of listing must be recorded.

Currently, there is no fee associated with obtaining a promotion permit. These permits are processed by the Board's Secretariat and costs are attached to these activities. In line with the Government's *Cost Recovery Guidelines* it is proposed to introduce a fee of \$100 per permit. NSW currently imposes a fee for promotion permits.

It is considered important that professional contestants travelling from interstate or overseas arrive in Victoria a reasonable time before a proposed contest to enable them to perform safely and to the best of their abilities. Proposed Regulation 18 requires that professional contestants intending to compete in Victoria must arrive in Victoria at least 24 hours before the contest, or the shorter period decided by the Board. The Regulation allows flexibility to provide for shorter trips and other factors such as unexpected disruption to travel plans while having regard for the health and safety of the contestant.

Officials play a vital role in promoting safety and integrity at professional contests. In turn, officials need to be protected to enable them to carry out their roles safely. Regulation 19(2) prohibits verbal and physical abuse or threats by licensed and registered persons against officials at a promotion. The Act defines a promotion as 'an event consisting of one or more professional contests and includes any preliminary arrangements in connection with such an event'.

### **7.3 Parties Affected by the Proposed Regulations**

The parties directly affected by the proposed Regulations include boxing and combat sport contestants, promoters, match-makers, trainers, judges and referees. A number of medical practitioners (perhaps less than five) will also be affected. In all, these parties number around 800 persons. More broadly, consumers (i.e. spectators) expect appropriately skilled and matched contests, free from mismanagement or unethical behaviour.

## **8. AUTHORISING PROVISION**

The proposed Professional Boxing and Combat Sports Regulations 2008 are made under section 22 of the *Professional Boxing and Combat Sports Act 1985*. An extract of the relevant authorising provision is contained in [Attachment B](#).

## 9. ASSESSMENT OF NON-REGULATORY AND REGULATORY OPTIONS

### 9.1 Regulatory and Non-Regulatory Options

By their nature, regulations are designed to modify behaviour in order to achieve certain results. This can impose costs known as ‘compliance costs’. In simple terms, compliance costs are the costs of complying with regulations. In the context of the Victorian Standard Cost Model, these can be divided into ‘administrative costs’ and ‘substantive compliance costs’.<sup>25</sup>

Administrative costs, often referred to as red tape or administrative burden, are those costs incurred by businesses to demonstrate compliance with the regulation or to allow government to administer the regulation. Administrative costs can include those costs associated with administrative requirements such as record keeping and reporting. In accordance with the requirements under *Measurement of Changes in Administrative Burden* under the *Victorian Guide to Regulation*, administrative costs in the RIS are calculated using the Victorian Standard Cost Model methodology.<sup>26</sup>

Substantive compliance costs are those costs that lead directly to the regulated outcomes being sought. These costs are often associated with content-specific regulation and include, for example, buying new equipment and undertaking specified training in order to meet government regulatory requirements. The latter more accurately characterises the consequent costs of the proposed Regulations.

The *Subordinate Legislation Act 1994* requires, amongst other things, a RIS to assess the costs and benefits of proposed Regulations. This Act also requires that a RIS identifies practicable alternatives to the proposed Regulations and assesses their costs and benefits as compared to the proposed Regulations. Conversely, the RIS is not required to identify alternatives which are not feasible or practicable.

The Subordinate Legislation Act 1994 Guidelines (‘the Premier’s Guidelines’) are made under section 26 of the *Subordinate Legislation Act 1994* and provide assistance in interpreting this legislation. With respect to alternatives to the proposed Regulations, clause 2.04 of the Guidelines states that, “where the authorising Act dictates the form of subordinate legislation required, for example, where the authorising legislation provides for fees to be prescribed by statutory rule, **there is no discretion** to set those fees by another method” (emphasis added).<sup>27</sup> This is relevant in the assessment of alternatives to the proposed Regulations because the majority of the proposed Regulations prescribe specific requirements for the purposes of the Act, that is, the Act does not contemplate alternatives to the proposed Regulation. For

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<sup>25</sup> Department of Treasury and Finance (2007), *ibid.*, p. F-7

<sup>26</sup> Standard Cost Model Formula – Administrative Cost = (tariff x time) x (population x frequency)

<sup>27</sup> Subordinate Legislation Act 1994 Guidelines, Revised 2007, Section 2.04

example, proposed Regulations 6-10 simply prescribe the pro-formas to be completed to comply with elements of the Act. Similarly, fees, medical examinations and fitness tests are set in the proposed Regulations.

Although the regulatory options are limited, this RIS has considered a number of regulatory alternatives to the proposed Regulations:

The regulatory and non-regulatory options identified in this RIS are:

- the ‘base case’ (for illustrative purposes);
- the proposed Regulations;
- self-regulation/co-regulation;
- a negative licensing regime; and
- variation of the proposed Regulations.

Other alternatives examined, but considered not practicable or unduly costly, included the offer of economic incentives for compliance and a targeted industry information campaign. With respect to an information campaign, information could be provided to contestants regarding the risks of injuries or possible longer term harm. However, while this alternative would be possible, the likely efficacy of this measure in allowing contestants to make more informed decisions was considered vastly inferior to fitness and medical assessments made by a medical practitioner.

Another alternative not considered was to incorporate the proposed Regulations into the Act. This alternative would deliver similar benefits as the proposed Regulations, however the legislative vehicle is considered inferior to statutory rules given that minor changes to a requirement or form would require a legislative amendment.

## **9.2 Methodology**

### *9.2.1 Discounted Cash Flow*

Every effort was made to identify and quantify the costs and benefits imposed by the proposed Regulations. As far as possible, likely costs were identified and a Present Value of the costs was calculated. A discount rate of 3.5 per cent was used over a 10-year period (i.e. the life of regulations in Victoria).<sup>28</sup> This allows future costs and benefits to be examined in terms of today’s value of costs and benefits. The benefits specific to the proposed Regulations proved difficult to quantify in monetary terms and the assessment was made by considering the magnitude of likely benefits.

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<sup>28</sup> Victorian Competition and Efficiency Commission 2006, *Guidance Note on Discounting*, Melbourne, p. 1

### 9.2.2 *Multi-criteria Analysis*<sup>29</sup>

Multi-criteria Analysis (MCA) is presented in this RIS as an alternative assessment tool to complement the quantitative analysis. MCA represents a convenient way to assess regulatory proposals and compares a range of alternative approaches through a qualitative assessment by assigning values and weightings to the qualitative costs and benefits. A qualitative score is assigned to the impact of the proposal on a range of criteria. In this case an assigned score of zero (0) represents the ‘base case’, while a score of plus one hundred (+100) means that the alternative fully achieves the objectives. A score of minus one hundred (-100) means that the proposal does not achieve any of the objectives.

For the purposes of this analysis, three criteria were selected and weighted accordingly. Two criteria relate to the objectives of the proposed Regulation: to promote the safety of professional boxing and professional combat sports contestants by reducing the risk of injury (weighting 70 per cent) and to reduce the risk of malpractice (weighting 20 per cent). These weightings reflect the relative importance of achieving these objectives (i.e. they are primarily concerned with safety, while the other elements of the law also may be employed to reduce malpractice, for example, fair trading legislation, fraud statutes, workplace health and safety laws). The other criterion relates to cost effectiveness, administrative clarity and efficacy of the regulatory instrument (weighting 10 per cent). With respect to assessing cost effectiveness, scores will be positive if the alternative is more effective than the ‘base case’.

## 9.3 The Base Case

As discussed earlier, the ‘base case’ describes the regulatory environment in the absence of the proposed Regulations. In broad terms, the base case describes those laws and regulations currently in place which may cover activities dealt with by the proposed Regulations and their likely effectiveness. In terms of assessment using the MCA, under the ‘base case’ each criterion is awarded a score of zero reflecting the default position (i.e. the regulatory position in the absence of the proposed Regulations). In other words, by definition, the base case does not achieve the

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<sup>29</sup> The Multi-criteria analysis approach is described in part 5-18 of the Victorian Guide to Regulation incorporating: Guidelines made under the *Subordinate Legislation Act 1994*. This approach is useful where it is not possible to quantify and assign monetary values to the impacts of a proposed measure (e.g. measures that have significant social impacts). Furthermore, it represents a convenient way of comparing a range of alternative approaches. This technique requires judgements about how proposals will contribute to a series of criteria that are chosen to reflect the benefits and costs associated with the proposals. A qualitative score would be assigned, depending on the impact of the proposal on each of the criteria weightings that may be assigned to each of the criterion, reflecting their relative importance in the policy decision-making process, and an overall score can be derived by multiplying the score assigned to each measure by its weighting and summing the result. If a number of options are being compared, then the option with the highest score would represent the preferred approach.

objectives of the proposed Regulations. For illustrative purposes the base case scenario is assessed and receives a net score of zero.

## 9.4 Proposed Regulations

### 9.4.1 Costs of the Proposed Regulations

Each of the proposed Regulations was examined for the likely costs they would impose on boxing and other combat sport contestants, promoters, match-makers, trainers, judges and referees.

Regulations that impose administrative costs were examined using the Victorian Standard Cost Model methodology. Data used in the model are based on advice from the Board, Sport and Recreation Victoria, Victorian Competition and Efficiency Commission (VCEC) Guidance Notes and from information provided by industry stakeholders. Where data were not available, assumptions were made using the best available information (see Assumptions at [Attachment C](#)).

Each regulation that imposes a burden was costed for Year 1 and then a 10-year Present Value calculation was made to provide a value of the cost of the regulation over its 10-year life. Detailed cost calculations and assumptions are contained in [Attachment E](#) and are summarised below in Table 3.

**Table 3: Costs Imposed by the Proposed Regulations, 10-Year Assessment Period**

Regulation	Description of Regulation	Cost (\$'000s)
6	Application for a promoter's licence	7
7	Application for a promotion permit	12
8	Application for a licence as a trainer, match-maker, referee or judge	229
9	Application for contestant registration	137
11	Reporting professional contests outside Victoria	5
13	Professional contest-related medical examinations	288
14	Fitness certificates	104
15	Blood Tests	104
<b>Total</b>		886

\* Numbers rounded.

The costs imposed by the proposed Regulations on the boxing and combat sport industry over a 10-year period are around \$886,000 or approximately \$88,600 per annum. Most of these costs relate to administrative costs (i.e. filling in applications

and other forms), while some costs were substantive compliance costs (i.e. serology testing, first aid certificates, fitness testing, etc).

#### 9.4.2 *Government Administrative Costs*

The Boxing and Combat Sport Board and Sport and Recreation Victoria, which provides secretariat support to the Board, are responsible for administering the current Regulations. An examination of the tasks undertaken were made and allocated between the Act and the Regulations. Attachment E provides details of these estimations along with the calculations. These are summarised in Table 4 below.

**Table 4: Government Administration Costs**

<b>Agency</b>	<b>Cost (\$'000s)</b>
Boxing and Combat Sport Board	433
Sport and Recreation Victoria	228
<b>Total</b>	<b>661</b>

\* Numbers rounded

Consequently, the cost to the Victorian Government of administering the proposed Regulations has been estimated to be in the order of \$660,000 over a 10-year period, or approximately \$66,000 per annum.

#### 9.4.3 *Total Costs of the Proposed Regulations*

The total costs of the proposed Regulations are shown in Table 5 below and are in the order of \$1.55 million over a 10-year period, or approximately \$155,000 per annum.

**Table 5: Total Cost of the Proposed Regulations**

<b>Industry and Government Administrative Costs</b>	<b>Cost (\$'000s)</b>
Costs imposed on the boxing and combat sports industry	886
Government administration costs	661
<b>Total</b>	<b>1,547</b>

\* Numbers rounded.

#### 9.4.4 *Direct Benefits of the Proposed Regulations*

The proposed Regulations give effect to key elements of the Act. Most of the benefits associated with Victoria's professional boxing and combat sport control regime are attributable to the Act rather than the Regulations. However, to the extent that the proposed Regulations contribute to the Act's effectiveness, benefits will then be attributed to the Regulations. The extent of these benefits, however, proved difficult to quantify in monetary terms.

Given that a key objective of the Act and proposed Regulations is to promote the safety of professional boxing and professional combat sports contestants by reducing the risk of injury, this section will examine the ‘value of a statistical life’ (VSL) to provide a general benchmark to compare the benefits associated with reduced harms to human life against the costs of the proposed Regulations.

It is recognised that placing a dollar value on human life is inherently complex, and a range of approaches may be employed. It is also recognised that on a number of grounds the value of a human life may be considered inestimable. However, on public policy grounds a reasoned estimation of the valuation of a human life may assist in providing better regulatory outcomes. For example, a VSL can provide agencies with an estimate of the reduction in fatalities likely to result following the implementation of a particular regulation, or alternatives of regulation (e.g. mandating seat-belts in vehicles, fencing around pools, scaffolding on constructions sites).

A recent study prepared for the Commonwealth Office of Best Practice Regulation examined the international literature regarding VSLs and found that a VSL of about \$3.5 million for avoiding an immediate death of a healthy individual in middle age (about 50 years) or younger was a reasonable estimate.<sup>30</sup> Therefore, a VSL estimate of \$3.5 million is adopted for illustrative purposes in this RIS.

In using the VSL concept to provide a benchmark to measure the benefits of the proposed Regulations, several points should be made. The estimate does not include health care costs, lost productivity, pain and suffering attributable to professional boxing and combat sport related trauma.

As noted earlier, prior to the Government’s introduction of a boxing control regime, deaths resulting from contests were if not common, but not unknown. While most of the benefits associated with boxing and combat sports controls are attributable to the Act, a break-even point would suggest that if the proposed Regulations alone contribute to the prevention of one death over a 25-year period, then the benefits would outweigh the costs.

To further illustrate this point, another approach is to examine compensation claims in relation to awards paid for severe injury. A study examined compensation claims for severe injuries in NSW and found that of the 20 awards made for severe brain

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<sup>30</sup> Abelson, P., November 2007, *Establishing a Monetary Value for Lives Saved: Issues and Controversies*, Applied Economics and Department of Economics, Sydney University. Prepared for the Office of Best Practice Regulation, Canberra, p. 21

injury, the average award from 1991 to 2002 was \$2.2 million (in 2002 dollar terms).<sup>31</sup>

Both the value of life estimate and data regarding awards for injuries provide a useful benchmark in terms of assessing the likely magnitude of quantifiable benefits arising from reducing deaths or injuries associated with boxing and combat sports.

#### 9.4.5 *Other Benefits*

Boxing and combat sports pose a number of safety and probity risks. Arguments that support the existing control regime contend that these risks can be more effectively managed by ensuring that contests are conducted under medical supervision and in accordance with recognised rules and under the supervision of a body (i.e. the Board) with the experience to undertake the necessary scrutiny and probity assurance functions. According to this view, benefits flow from the ability to provide quality assurance surrounding events to the benefit of professional contestants and consumers.

The objective of setting a licensing and permit system for promoters was to confine the activity of staging professional boxing events to a group who were subject to requirements and whereby breaches of the Act, the Regulations and the conditions of licences and permits may be subject to sanctions or revocation of a licence.

The benefits to business of the proposed Regulations relate to minimisation of malpractice or opportunistic behaviour, fewer resources used in litigation, and an enhanced consumer confidence in the professional boxing and combat sports product.

Professional contestants benefit from the staging of events that are conducted to high safety standards. The proposed Regulations, which are substantially similar to the current Regulations, would appear to be effective in reducing the likelihood of contestant injury (there have only been two deaths resulting from professional contests in Victoria since 1975). In addition, there are likely benefits to the community in terms of the potential reduction in medical care costs.

Overall the benefits of the proposed regulations may be summarised as:

- improved safety to participants and lower mortality;
- better quality of life for contestants;
- reduced long-term costs of health care to the community; and
- a better quality of event for spectators.

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<sup>31</sup> Abelson, P., August 2003, *Is Injury Compensation Excessive?*, Research Paper: Number 6/2003, Macquarie University, p. 13

#### 9.4.6 Decision Criteria

Given the observed reduction of fatalities (and by reasonable extension, a likely reduction in serious injuries) since boxing was regulated in Victoria, the VSL provides a useful benchmark by which to assess the magnitude of likely benefits arising from the proposed Regulations. For the purposes of this RIS a VSL is estimated to be \$3.5 million, while compensation payment data has shown that awards for a serious brain injury are in excess of \$2 million per case.

Given the magnitude of these figures, and given that the total cost of the proposed Regulations over a 10-year period is approximately \$1.5 million, it would appear that the safety benefits alone would outweigh the costs of the proposed Regulations. Alternatively stated, if the proposed Regulations prevented a single death or a single case of serious brain injury over a 10-year period, then the benefits of the proposed Regulations would significantly outweigh the costs. Of course, many of the costs and benefits associated with the boxing and combat sport control regime are attributable to the Act, but it would be reasonable to ascribe a considerable proportion to the proposed Regulations because they give practical operational effect to key aspects of the Act.

A Multi-criteria analysis assessment is also provided to allow a meaningful comparison with alternative regulatory approaches. As mentioned in section 9.2.2, for the purposes of this analysis, three criteria were selected and weighted accordingly. These are shown below in Table 6.

**Table 6: Multi-criteria Analysis Assessment of the proposed Regulations**

Criteria	Weighting	Assigned Score	Weighted Score
Reduced risk of injury	70	75	52.5
Reduced risk of malpractice	20	50	10.0
Efficiency and effectiveness	10	50	5.0
<b>Total</b>	<b>100%</b>		<b>67.5</b>

Data does not exist relating to the extent of boxing injuries prior to regulation, however subsequent studies have found that reported injury rates per hour of competition and training for boxing are now similar to, or lower than many other contact and non-contact sports.<sup>32</sup> This criterion receives a score of 75 given that without the proposed Regulations it would be difficult to administer fitness and other medical checks and conduct contests under the control of licensed officials. It does not receive a score of 100 because boxing remains a sport with inherent risks.

<sup>32</sup> Zazryn, T., Cameron, P., McCrory, P., 2006, *A prospective cohort study of injury in amateur and professional boxing*, British Journal of Sports Medicine; 2006: 40: 670–674

The proposed Regulations set up a framework for licensing promoters, match-makers, trainers, judges and referees. Such licensing seeks to ensure that only appropriately skilled and qualified persons act in these roles. A score of 50 is assigned because the proposed Regulations considerably reduce the risk of malpractice above that of the base case. It does not receive a full score, however because there are no police checks or ‘fit and proper person’ requirements (as is the case, say, for admission as a lawyer). The proposed Regulations also receive a score of 50 in terms of the efficiency and effectiveness of the regulation instrument. The proposed Regulations prescribe forms, clarify requirement of the Act, and set down requirements in a transparent manner. They do, however, impose costs considerably higher than the alternatives discussed below. The MCA assessment of the proposed Regulations receives a score of +67.5.

## **9.5 Self-regulation/codes of conduct**

Self-regulation (or voluntary codes of practice or standards) refers to benchmark actions or procedures, as determined by the particular industry or profession that are generally acceptable within peer groups and the wider society. The relevant industry is solely responsible for enforcement. Self-regulation usually implies that businesses in an industry or members of a profession have accepted mutual obligations. These obligations are often described in a code or industry standards.

Self-regulation has some benefits. As major industry participants often set the industry standards, there may be greater awareness of obligations and compliance may be high. In addition, self-regulation utilises the expertise and experience of those in the industry, and may encourage innovative behaviour of industry participants. Self-regulation also lowers administrative costs for government. However, under self-regulatory arrangements enforcement or disciplinary processes may not be transparent. Self-regulation is typically suitable for cases where the problem to be addressed has a low-risk or is of low impact, and where events are widely observed, so that breaches are publicly noted.<sup>33</sup>

The boxing industry was characterised by self-regulation up until the early 1970s. Under these arrangements a boxing association could stipulate its own rules (as is the case in Queensland). However, it should be noted that the boxing and combat sports industry is relatively fragmented and rules could vary considerably. There is also no overarching representative or rule making body for these sports. Typically, self-regulation suits industries that are unified and have strong common interests (e.g. the Code of Conduct for Marketing Retail Energy in Victoria, the Alcohol Advertising Beverages Code). In addition, professional boxing and combat sports carry moderate to high risks for contestants. These risks can result in catastrophic consequences if

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<sup>33</sup> Department of Treasury and Finance, 2007, *ibid.*, B-1 p. 129

not well-managed. Self-regulation would also result in government losing control over emerging combat sports such as cage fighting events.

The costs under this alternative would be relatively low. A number of codes of conduct or rules could be established for each discipline. While difficult to estimate, such codes may cost in the order of \$10,000 (multiplied by the number of disciplines).

### 9.5.1 Decision Criteria

An MCA assessment was made of this option. In terms of reduced risk of injury a score of 25 is assigned, given that under the base case there would be no fitness or medical requirements, but such rules could be made by individual associations. Codes of practice may also be less effective in reducing the risk of malpractice, especially given the fragmented nature of the industry. It is also possible that enforcement and disciplinary proceedings would be less transparent than the proposed arrangements. Consequently a score of 25 is assigned to this criterion. While self-regulation/codes of conduct are often cost-effective, in this case the possible difficulties in enforcing codes may compromise the effectiveness in delivering the Government’s objectives. Consequently, a score relating to efficiency and effectiveness of self-regulation is assigned a score of 25. Together, this assessment results in an aggregate score of +25.

**Table 7: Multi-criteria Analysis Assessment of Self-Regulation**

Criteria	Weighting	Assigned Score	Weighted Score
Reduced risk of injury	70	25	17.5
Reduced risk of malpractice	20	25	5.0
Efficiency and effectiveness	10	25	2.5
<b>Total</b>	<b>100%</b>		<b>25.0</b>

## 9.6 Negative Licensing

Negative licensing is designed to ensure that individuals or businesses, who have demonstrated by their prior action that they are incompetent or irresponsible, are precluded from operating in a particular industry. For example, a person convicted of breaching the Act could be prohibited from engaging in the industry. This approach ensures that the most serious offenders are removed from the industry without, at the same time, placing an undue burden of licensing/registration on the entire industry. Such an approach could be assessed against performance-based criteria set down by the government or industry.

The advantage of this approach is that those with a poor track record of breaching the Act could be either barred from the industry or closely monitored. The main disadvantage of this alternative is that some participants may be able to operate undetected or act inappropriately before they are detected. For inherently risky activities such as boxing and combat sports, it would be undesirable to incur severe injuries or even death in order to identify inappropriate operators.

A negative licensing regime could cost the government around half of the current costs of administering the proposed Regulation (i.e. around \$40,000 per annum or \$330,000 (discounted) over a 10-year period), but may involve a higher level of monitoring and possible litigation costs (e.g. a banned participant might challenge a decision in the courts or VCAT).

### 9.6.1 Decision Criteria

An MCA assessment awarded a score of 50 for the reduced risk of injury criterion on the basis that the system would be essentially reactive in detecting unfit or unskilled contestants. Only following several contests involving KOs or heavy punishment could this be detected and during this period a contestant could sustain serious injuries. Likewise, the reduced risk of malpractice receives a score of 25 given that acts of incompetence or unethical behaviour would first need to be detected before an industry participant could be banned from the industry, or at least closely monitored. For these reasons, there are very few (if any) negative licensing regimes in Victoria. A negative licensing regime, however, would be relatively cost efficient to administer but would be less effective in delivering the Government’s policy objectives.

**Table 8: Multi-criteria Analysis Assessment of Negative Licensing**

Criteria	Weighting	Assigned Score	Weighted Score
Reduced risk of injury	70	50	35.0
Reduced risk of malpractice	20	25	5.0
Efficiency and effectiveness	10	25	2.5
<b>Total</b>	<b>100%</b>		<b>42.5</b>

## 9.7 Variation of the Proposed Regulations

In a number of cases, there are no practicable regulatory alternatives other than to alter the scope or extent of the proposed Regulations. It is not intended here to examine the costs and benefits of the large number of possible variations of the proposed Regulations, however this RIS represents another step in the consultation process and Sport and Recreation Victoria welcomes comments or suggestions with respect to the nature, extent, and likely impacts of the proposed Regulations, and any variations that may improve the overall quality of the proposed Regulations.

With this in mind, stakeholders may wish to comment on the:

- information requirements in the proposed Regulations and any way this could be streamlined;
- frequency of fitness and blood testing;
- skill requirements for contestants;
- level of fees;
- any practical difficulties associated with the proposed Regulations.

## **9.8 Summary of Feasible Alternatives**

The above analysis suggests that:

- the benefits to society of the proposed Regulations are likely to significantly exceed the costs (i.e. there is a net benefit); and
- the net benefits of the proposed Regulations are greater than those associated with any practicable alternative.

This assessment is made on the basis that the proposed Regulations provide the most effective and efficient measure to promote safety of contestants, while reducing the risks of malpractice. The main disadvantages with the alternatives are associated with safety and compliance. As stated previously, the inherent risks associated with boxing and combat sports are significant and lack of appropriate safety levels or non-compliance can lead to catastrophic results.

In addition, the proposed Regulations represent the most appropriate regulatory mechanism by which fees can be prescribed, thus satisfying the general government policy that regulatory fees should be charged to ensure that both efficiency and equity objectives are met.

The MCA assessment supports this conclusion. The proposed Regulations score highest results in terms of achieving the Government's objectives as illustrated in Table 9 below. The proposed Regulations also impose the highest monetary costs at around \$1.5 million over the 10-year assessment period. While the costs associated with the alternatives range from \$50,000 for industry codes (i.e. each discipline developing an industry code) to around \$330,000 over a 10-year period for a government administered negative licensing regime, the key finding of this RIS is that the benefits associated with the proposed Regulations clearly outweigh these costs.

**Table 9: Summary of Multi-criteria Analysis Compared to Regulations**

<b>Regulatory Proposal</b>	<b>MCA Assessment</b>
Base case scenario	<b>0.0</b>
Proposed Regulations	<b>67.5</b>
Self Regulation/Co-regulation	<b>25.0</b>
Negative licensing	<b>42.5</b>

In summary, the proposed Regulations impose the greatest level of controls and costs on industry participants, but deliver greater net benefit compared to the alternatives. While not common, a single catastrophic event or injury can result in significant costs to contestants and the proposed Regulations are assessed as the most effective regulatory means to control these risks.

## **10. FEES**

### **10.1 Principles of Fee Setting**

In September 2007 the Victorian Government released its *Cost Recovery Guidelines* to clarify its policy principles underpinning cost-recovery arrangements.<sup>34</sup> The Guidelines establish a whole-of-government framework thereby ensuring that cost-recovery arrangements in Victoria are transparent, efficient, effective and consistent with legislative requirements and government policy. These Guidelines are guided by the principle that properly designed cost-recovery arrangements can deliver both equity and efficiency benefits to the community. The Boxing and Combat Sports industry is an example of where full-cost recovery may create incentives for participants to withdraw from the legislated industry, which could potentially undermine the achievement of other government objectives.

Cost-recovery may be defined as the recuperation of the costs of government-provided or funded products, services or activities that, at least in part, provide private benefits to individuals, entities or groups, or reflect the costs imposed by their actions. The Guidelines apply to cost-recovery arrangements of government departments and general government agencies and include the recovery of the costs incurred by government in administering regulation (e.g. registration, licensing, issuing of permits, monitoring compliance, investigations, enforcement activity, etc).

As stated in the *Cost Recovery Guidelines*, general government policy is that regulatory fees and user charges should generally be set on a full cost-recovery basis, however if it is determined that full cost-recovery is not consistent with other policy objectives of the Government, then it may not be appropriate to introduce a full cost-

<sup>34</sup> Department of Treasury and Finance, 2007, *Cost Recovery Guidelines: Incorporating the information formerly published in the Guidelines for Setting fees and User-Charges Imposed by Departments and Central Government Agencies*, Melbourne

recovery regime. Consideration may be given to a regime of partial cost-recovery (if it can be demonstrated that a lower than full cost-recovery does not jeopardise other objectives) and/or to rely on other funding sources (e.g. general taxation) to finance the government activity.

## 10.2 Discussion of Cost-Recovery Options

When designed and implemented appropriately, the adoption of cost recovery has the potential to advance efficiency and equity objectives. However, the Guidelines note that “efficiency and equity considerations may need to be balanced against each other in determining the appropriate form of cost recovery”.<sup>35</sup>

As mentioned above, while the Victorian Government’s general policy is that fees should be set on a full cost-recovery basis, there are nevertheless situations where it may be desirable to recover at less than full cost, or not to recover at all. These include circumstances where social policy or equity considerations are considered to outweigh the efficiency objectives associated with full cost recovery, and/or where full cost-recovery might adversely affect the achievement of other government policy objectives. Therefore proposed feasible fees options considered were:

- Option A – full cost-recovery (relevant fee based on 100 per cent of the average costs (both direct and indirect)) of regulating the boxing and combat sports industry;
- Option B – partial cost-recovery (e.g. costs of the Board’s licensing *and* regulatory functions; or the cost of the Board’s licensing function);
- Option C – zero cost-recovery (this option is similar to the ‘base case’ because if the proposed fee regulations are not remade then no fees would be prescribed).

A Multi-criteria analysis (MCA) was used to assess the preferred fee option. Reflecting the Government’s *Cost Recovery Guidelines*, the criteria used was:

- Efficient – fees set at a level to promote the efficient allocation of resources;
- Effective – fees set at a level to achieve the government’s policy objective; and
- Equitable – fees set at a level to promote the sharing of costs and benefits across society.

Accordingly, the ‘efficiency’ and ‘effectiveness’ criteria were each assigned a weighting of 35 per cent reflecting their overall importance in achieving the Government’s policy objectives in relation to fee setting, while the ‘equity’ and criterion was assigned a weighting of 30 per cent.

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<sup>35</sup> *ibid.*, p. 5

### 10.2.1 Impact of Fees

The major economic impact of regulatory fees is that they add to the cost of contestants and other licensees. At the margin, this may deter certain persons from participating in the industry. The key benefit of collecting fees is that they recover the cost from the direct beneficiary of the regulated activity. Table 10 below summarises the benefits and costs associated with the proposed fee regulations.

**Table 10: Benefits and Costs of the Fees**

Benefits	Costs
<ul style="list-style-type: none"> <li>• Cost-recovery from the direct beneficiaries of the regulation.</li> <li>• Fee levels in line with government policy, and promotes efficiency and equity.</li> <li>• Removes subsidies and cross-subsidies.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase costs for consumers and businesses.</li> <li>• Processing costs for the government.</li> <li>• May potentially discourage some businesses and consumers.</li> </ul>

### 10.2.2 Option A – Full cost-recovery

As mentioned earlier, the *Cost Recovery Guidelines* state that the general government policy is that regulatory fees and user charges should be set on a full cost-recovery basis. In this case, full costs represent the value of all the resources used or consumed in the provision of contestant registration and licensing, monitoring and compliance.

A departure from full cost-recovery would result in the Victorian community providing a small subsidy to the industry. However, full cost-recovery may deter some individuals from participating in the industry if the perceived benefits of fees do not outweigh the fee costs. Full cost-recovery based on current fees levels would entail a six-fold increase (e.g. promoter’s licences would increase from \$225 to approximately \$1,370 and contestant registration would increase from \$35 to approximately \$215).<sup>36</sup> Given that full cost-recovery is the most economically efficient option for fee levels and fully achieves the Government’s objective on efficiency grounds, a maximum score of 100 is assigned to this criterion.

In terms of ‘effectiveness’, if fee levels are set too high it may result in non-compliance or drive elements of the industry ‘underground’. There is a real risk that this could jeopardise the government’s policy objective of promoting safety for

<sup>36</sup> These calculations are based on recovery of SRV and the Board’s costs of \$79,500 per annum. Full cost recovery would imply fee levels of: promoter’s licence - \$1,370; trainer’s licence – \$335, match-maker’s licence - \$245; referee’s licence - \$490, judges licence - \$245 and contestant registration - \$215.

contestants and reducing the risk of malpractice. Consequently, a score of 25 is assigned to this criterion.

A lower score of 25 is assigned to the equity criterion because the fees are not based on a person’s or business’s ability to pay (known as ‘vertical equity’). In addition, Victoria’s fees would be around three to five times higher than those in other states (see Attachment F) and this may place Victoria’s professional boxing and combat sports industry at a competitive disadvantage (known as ‘horizontal equity’). This results in a net score of +51.0.

**Table 11: Multi-criteria Analysis Assessment of Option A**

Criteria	Weighting	Assigned Score	Weighted Score
Efficient	35%	100	35
Effective	35%	25	9
Equitable	30%	25	7
<b>Total</b>	<b>100%</b>		<b>51</b>

\* Numbers rounded

### 10.2.3 Option B – Partial cost-recovery

Partial cost-recovery seeks to balance the efficiency objective against the equity objective, while ensuring that the government’s overall policy objectives are not jeopardised.

The efficiency criterion is positive because industry participants would still make a contribution towards funding the regulation of the industry. However, given that this departs from the government’s generally policy of full cost recovery, a score of 25 is assigned (this relates to the cost of the Board’s licensing function). The effectiveness and equity criteria receive considerably higher score at 75 than the full cost recovery option. This is because there is a very real risk that non-compliance may occur as a result of significantly higher fees. In terms of equity, simply put, given the characteristics of the industry many participants, particularly, contestants would not be able to afford the fees were they set on a full cost recovery basis. Further, Victoria’s fees would be significantly higher than those in other jurisdictions, possibly resulting in avoidance or participants obtaining licences in other states (given mutual recognition frameworks). This results in an MCA score of 58.

**Table 12: Multi-criteria Analysis Assessment of Option A**

Criteria	Weighting	Assigned Score	Weighted Score
Efficient	35%	25	9
Effective	35%	75	26
Equitable	30%	75	23
<b>Total</b>	<b>100%</b>		<b>58</b>

\* Numbers rounded

#### 10.2.4 Zero Cost Recovery - The 'Base Case'

If no fees were recovered this situation would be similar to the 'base case'. That is, if the regulations were not remade then no fees would be prescribed. In terms of the 'base case', professional boxing and combat sport activities do not fit the typically characteristics of a 'public good', such as a public park. That is, the benefits of a boxing registration or licensing accrues to licensees and is excludable from other members of society (e.g. only a registered contestant may engage in professional boxing or combat sport activities). In terms of the efficiency criteria, a zero score is awarded because no costs are recovered and the public good arguments for providing no charge are relatively weak. Prescribing no fees would encourage compliance where cost is an issue, and this in turn would contribute to the effectiveness of the boxing and combat sport control regime. Consequently, a relatively high score of 75 is assigned to this criterion. A score of 50 is assigned to equity. This score is not as high as partial cost recovery because while industry participants would benefit, the broader Victorian community would fully subsidise these activities (remembering that 'equity' measures the economic relationship between groups). This assessment results in an MCA score of 41.

**Table 13: Multi-criteria Analysis Assessment of Option C**

Criteria	Weighting	Assigned Score	Weighted Score
Efficient	35%	0	0
Effective	35%	75	26
Equitable	30%	50	15
<b>Total</b>	<b>100%</b>		<b>41</b>

\* Numbers rounded

### 10.3 Non-Regulation Option – Licence terms

Prior to 1996 licences had a one year duration. The duration of licences was subsequently extended to three years (section 9 of the Act states that a licence remains in force for three years and may be renewed). Along with South Australia, Victoria currently has the longest licence duration in Australia (licences are renewed

annually in NSW, WA and the ACT, while there are no such requirements in Queensland, Tasmania or the NT). Given that this requirement is contained in the Act rather than the Regulations, extending licence terms is not considered a practicable option.

#### 10.4 Assessment of Cost and Benefits

All fee options were assessed as being superior to the base case, i.e. zero cost-recovery. Assessed against the criteria of efficiency, effectiveness and equity shows that partial cost recovery (Option B) based on recovery of the Board’s administrative costs associated with licensing and registration receives the highest net score and is hence the preferred option. It will be noted that the score for Option A is reasonably close to the preferred option. This is because full-cost recovery receives a high MCA score in terms of ‘efficiency’. That said, this RIS assesses that the benefits associated with equity and effectiveness under the partial cost recovery option, on balance, provide that Option B is a superior option.

**Table 14: Summary of Multi-criteria Analysis of Fee Options**

Regulatory Proposal	MCA Assessment
Option A: Full cost-recovery	<b>51</b>
Option B: Partial cost-recovery	<b>58</b>
Option C: Zero recovery	<b>41</b>

\* Numbers rounded

#### 10.5 Calculation of the Proposed Fees

The fees in Table 15 below were calculated on a cost recovery basis in relation to evaluating and processing the licences. These tasks were examined and the cost of staff time (plus overheads) in undertaking these activities was established. A detailed description and cost calculations in contained in [Attachment I](#).

These calculations resulted in some of the fees increasing by a significant percentage. These increases are based on an examination of the tasks required for processing the licences, and hence the increases (ranging from 25 per cent to 75 per cent) were not uniform. However, such increases are from a low base and given that the fees have not increased since 1997 it is noted that their nominal level will remain relatively modest. For illustrative purposes, the table at [Attachment H](#) shows that if fees had been indexed by the inflation rate from 1997, they would be at approximately the same rate as the proposed fees, i.e., in real terms the fee levels have remained broadly stable. It is proposed that a new fee be introduced in relation to permits to conduct a promotion. Currently there is no fee for this permit. Given that this will impose a new cost on promoters, it was decided to keep the promoter’s licence at its current rate.

**Table 15: Proposed Fees**

Regulation	Description	Current Fee (\$)	Proposed Fee (\$)	% Increase
6	Promoter's licence	225	225	0
7	Permit to conduct a promotion	n.a	100	n.a
8	Trainer's licence	55	70	27
8	Match-maker's licence	40	70	75
8	Referee's licence (includes judges licence)	80	100	25
8	Judge's licence	40	50	25
9	Contestant registration	35	50	43

Note: All licences are for a three year period, while the permit to conduct a promotion is per event.

## 10.6 Interstate Comparisons of Fees

The table at [Attachment F](#) has been included for illustrative purposes. It generally shows that the proposed Victorian fees are similar to those in other states and territories.

It should also be noted that to lower administrative costs for industry participants, the duration of terms for licences and registrations was increased from one to three years in 1996. While South Australia currently issues licences for a three-year period, licences in NSW, Western Australia and the ACT are required to be renewed annually.

## 11. CHANGE IN THE ADMINISTRATIVE BURDEN

The *Reducing the Regulatory Burden* initiative commits the Victorian Government to reducing both the administrative and compliance costs of regulation. Accordingly, this RIS uses the Victorian Standard Cost Model (SCM) methodology and *Measurement of Changes in Administrative Burden* to inform its cost benefit analysis and to measure any changes to the administrative costs. For the purposes of the measurement of change in the administrative burden, the existing burden forms the base case against which the change is measured.

Administrative costs are those costs incurred by business to demonstrate compliance with the regulation or to allow government to administer the regulation (e.g. keeping a register or lodging documents with government). The SCM is used solely to measure the administrative costs of regulation. It is not used to measure substantive compliance costs. For example, a number of new measures including provision of adequate security at contests, eyesight testing for judges and referees, first aid certificate qualifications for trainers, and directions to a contestant to take a medical test are substantive compliance costs. Similarly, costs to government of administering and enforcing the proposed

Regulations were not subject to the SCM assessment. In the present case, the Board’s requirement to list certain details of timekeepers was not included in the SCM calculations.

However, two additional administrative requirements were identified. The frequency of Certificates of Fitness will increase from one every three-year to one annually,<sup>37</sup> while forms relating to blood testing will be completed biannually. Table 16 shows that the additional administrative burden is relatively minor at around \$8,000 per annum (see Attachment G for calculations).

**Table 16: Standard Cost Model Assessment of Proposed Regulations – New Administrative Costs Imposed on Business**

Regulation	Description	Annual Costs (\$)
14	Form 5 – Fitness certificates	2,625
15	Form 7 – Blood testing	5,250
<b>Total</b>		<b>7,875</b>

Since there is a net increase in the administrative burden with respect to the proposed Regulations, which is less than the figure of \$250,000 per annum advised by the VCEC as being the indicative threshold for materiality, in accordance with the Guidelines issued by the Treasurer, *Measurement of Changes in Administrative Burden*, it has been determined that the regulatory changes in the proposed Regulation **will not lead to a material change in the administrative burden** on business organisations in Victoria (see Attachment J for Statement of No Material Impact).

## 12. COMPETITION IMPACTS

In 1999 the Department of State Development conducted a National Competition Council Policy Review of the *Professional Boxing and Martial Arts Act 1985* and current Regulations.<sup>38</sup> The Review followed the process established in the National Competition Policy Guidelines and was conducted as a Model 4 Review. That is:

- the relevant market was defined and the legislative framework was described;
- restrictions on competition were identified;

<sup>37</sup> However, against this it should be noted that the prescriptive 84 part medical questionnaire in Form 4 of the current Regulations has been removed from the proposed Regulations and replaced with a performance based certificate of fitness, which leaves assessment of fitness to the expert opinion of the examining medical practitioner.

<sup>38</sup> Department of State Development, 1999, *National Competition Policy Review: Professional Boxing and Martial Arts Act 1985 and Attendant Regulations*, Office of Regulation Reform, Melbourne

- the relationship between the identified restrictions and objectives of the legislation and regulations were assessed; and
- alternative means of achieving the objectives without restricting competition were developed and cost-benefit analysis was conducted for the existing situation and the alternatives.

The Review also assessed the Regulations against clause 5 of the National Competition Policy Guidelines, which states that the guiding principle is that legislation (including Acts, enactments, ordinances or regulations) should not restrict competition unless it can be demonstrated that:

- (a) the benefits of the restriction to the community as a whole outweigh the costs; and
- (b) the objectives of the legislation can only be achieved by restricting competition.

The Review identified a number of restrictions in the *Professional Boxing and Martial Arts Act 1985* and current Regulations. While most of these related to restrictions in the Act, it was found that Regulation 5 (definition of ‘contestant’), Regulations 7 and 8 (promoter’s licences and permits) may impose a restriction on competition.<sup>39</sup>

The Review examined the Act and Regulations in terms of ‘occupational regulation’ (i.e. the safety of contestants) and ‘business regulation’ (i.e. regulation of promotions) and found that the:

- occupational regulation restrictions are assessed as minor restrictions in terms of both the small economic impact of boxing on the Victorian community and the fact that restrictions can be readily established to be consistent with the objectives of the Act and in the public interest. The review considered that the benefits of the existing arrangements outweigh the costs. In terms of direct costs through licence and registration fees, the possible adverse effect of such fees is assessed as unlikely to result in a significant lessening of competition;<sup>40</sup> and
- business regulation provisions are considered unlikely to significantly dampen competitive pressures. The benefits of the existing restriction in relation to business regulation outweigh its costs. Given the ease of entry into the industry, the restrictions do not appear likely to have a significant impact on the level of competition in the industry. In more general terms, given the small scale of professional contests, there is limited impact on the Victorian economy.<sup>41</sup>

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<sup>39</sup> DSD, *ibid.*, pp. 34–35

<sup>40</sup> DSD, *ibid.*, p. 17

<sup>41</sup> DSD, *ibid.*, pp. 21–22

Overall, the Review found that “the current legislative arrangements do restrict competition to a small degree. However, the benefits are assessed as outweighing the costs. The Review has examined alternative approaches to ensure that the objectives are met but found that the legislative objectives to ensuring safety and probity can only be met by restricting competition. The alternative approaches examined were industry self-regulation and negative licensing, which were assessed as inappropriate to this industry.”<sup>42</sup> In June 2002 the National Competition Council certified this review as complying with the NCP requirements.

It is noted that this review was conducted in relation to the current Regulations (which are substantially similar to the proposed Regulations). However, the current Regulations contain a number of reforms which considerably improved the administration and efficiency of the regulatory regime. While the proposed Regulations introduce a number of additional requirements (e.g. blood testing, a fee for promotions), the incremental burden imposed by these changes, and given the small scale nature of the boxing industry, it is considered that these changes do not alter the assessment made in the NCP Review.

**It is assessed the proposed Regulations may impose minor restrictions on competition but:**

- **the benefits of the restriction to the community as a whole outweigh the costs; and**
- **the objectives of the proposed Regulations can only be achieved by restricting competition.**

### **13 SMALL BUSINESS IMPACT**

The *Victorian Guide to Regulation* provides a definitive guide to developing regulation in Victoria within the context of the Government’s vision of well-targeted, effective and appropriate regulation. As noted earlier, all new regulatory proposals that have significant impacts on business must be thoroughly assessed to ensure the benefits to the community outweigh the costs and that the best option is considered. In addition, a special assessment of the impact of the proposed Regulations on small businesses is recommended, recognising that the compliance burden often falls disproportionately on that sector of the economy.<sup>43</sup>

For the purposes of this RIS, professional contestants, promoters, matchmakers, trainers, judges and referees are taken together to represent the professional boxing

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<sup>42</sup> DSD, *ibid.*, p. 4

<sup>43</sup> The ABS defines a small business as a business employing less than 20 people. ABS Cat. 1321.0 - Small Business in Australia.

and combat sport industry.<sup>44</sup> As mentioned earlier, the boxing and combat sport industry is overwhelming characterised by individuals and small entities, very few participants would derive their sole income from these activities (i.e. contestants may earn around \$100 per round per contest). Given the industry structure, the impact of the proposed Regulations will fall almost entirely on small business. To that extent, the regulatory impact will fall relatively equally among participants in the industry.

Further, given the industry characteristics, Sport and Recreation Victoria has sought to reduce small business compliance costs by simplifying the presentation of fees in the proposed Regulations. The Treasurer has provided an exemption from the *Monetary Units Act 2004* in relation to fees, which means they will appear in dollar terms (e.g. \$50) rather than requiring industry participants to calculate fees from the fee units and the unit rate (4.54 fee units multiplied by \$11.02).

#### **14. ENFORCEMENT AND COMPLIANCE**

Suspected breaches of provisions which contain penalties under the Act may be referred to Victoria Police for investigation and possible commencement of proceedings. Offences exist in relation to the following provisions of the Act:

- It is an offence for a person to conduct a promotion without a permit.
- A person must have the appropriate licence to act as a promoter, trainer, match-maker, referee or judge, or registration as a professional contestant to take part in a professional contest.
- It is a requirement for medical practitioners to conduct medical examinations or fitness tests in accordance with the Regulations and, if the medical practitioner finds a professional contestant to be unfit, to declare the professional contestant unfit, and give notice of the declaration, under the Act.
- It is an offence for a promoter to promote a contest in which the contestants have not successfully completed the required medical examinations and/or are not registered, in which a person is acting in a licensed capacity and is not licensed, to conduct a promotion without a medical practitioner in attendance or to breach the regulations with respect to promoters, contracts, buildings, furnishings, fittings and equipment.
- A person who aids, abets, counsels or procures the commission of an offence under the Act is guilty of an offence.

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<sup>44</sup> For the purposes of analysis in this RIS the boxing and professional sport industry is regarded as comprising of businesses. However, from a tax law perspective professional contestants, judges and referees may not be regarded as engaging in an activity from which assessable income is derived. See ATO Rulings: CR 2002/20 (Income tax: assessable income: soccer referees: Victorian Soccer Federation referees), TR 1999/17 (Income tax: sportspeople - receipts and other benefits obtained from involvement in sport).

The penalty for a breach of any of these provisions is 120 penalty units or imprisonment for 12 months or both. There are no offences under the proposed Regulations; consequently, Victoria Police has no role in enforcing the proposed Regulations.

The Amendment Act provides that the Board may vary licence or permit conditions or suspend or cancel the licence or permit for a breach of the proposed Regulations. This provides the Board with significant flexibility in determining an appropriate sanction for breaches of the Regulations, which were previously difficult to enforce. The penalty scheme in the current Act and Regulations is difficult to enforce because penalties may be disproportionate to breaches and may only be imposed through formal prosecution.

An audit of compliance with the Regulations effectively occurs each time a promotion is conducted, because the Secretary of the Board verifies the registration and fitness certification of all professional contestants signed to a promotion and verifies that other industry participants employed are licensed to participate in the capacity proposed. In addition, at least one member of the Board attends each promotion to ensure that no Regulations are breached in the conduct of professional contests.

Complaints are addressed to the Board from time to time and the Board uses its resources and networks to investigate such matters. The Act provides for appeals to VCAT against decisions by the Board to:

- refuse to issue or renew, suspend, cancel, or determine or vary the conditions of a permit or licence;
- refuse to issue or renew, suspend, or cancel a contestant's registration.

There are no financial penalties in the proposed Regulations because they are procedurally inefficient and not as effective as suspending or removing the ability of a licence holder or registered contestant to participate in the industry.

While the current Regulations contain provisions for penalties to be applied in relation to failure to comply with reporting contests outside Victoria (current Regulation 15) and seating at the ring apron (current Regulation 19), each attracting a possible fine of up to 20 penalty units, it is understood that during the life of the current Regulations no convictions under these regulations were made. During the formulation of the proposed Regulations it was therefore decided to remove these penalties from the proposed Regulations.

Finally, to assist industry participants to understand their requirements with respect to the Act and Regulations, Sport and Recreation Victoria conducts regular stakeholder information sessions. For example, sessions for promoters and match-makers are conducted approximately annually, while sessions for trainers are conducted every

two years. In addition, Sport and Recreation Victoria and the Board engage in continuous liaison with industry participants.

## 15. CONSULTATION

On 10 April 2008 a stakeholder forum was held to discuss the proposed Regulations, highlighting the key changes. The forum was chaired by the Board and included representatives from the Australian National Boxing Federation, World Boxing Council, Ocean Pacific Federation, World Muay Thai Council, referees, judges, promoters, matchmakers and trainers.<sup>45</sup> Discussion focussed on the fee levels, skill and fitness requirements, blood tests and matchmaking. Overall, stakeholders appeared to be strongly supportive of the proposed Regulations and new requirements. Stakeholders also raised issues concerning the Rules (not related to the proposed Regulations), which will be referred to the Board for consideration. More generally, regulations and requirements similar to the current and proposed regulations have been in place for around 30 years and have been widely supported by the industry.

During the development of the Professional Boxing and Combat Sports Amendment Bill in 2007, the Board was consulted and recommended a number of changes including new provisions regarding ‘unskilled’ contestants and regulation of timekeepers. These aspects are reflected in the proposed Regulations.

Similarly, the Medical Advisory Panel also reviewed medical aspects of the current Regulations and made a number of recommendations. Some of these were incorporated into the proposed Regulations. For example, the detailed medical history questionnaire was removed on the advice that it was not necessary or appropriate in assessing a contestant’s fitness for participation in professional contests for the purposes of the Act and to better protect contestant’s privacy.. Similarly, the importance of six-monthly blood testing and the new provision to enable the Board on the advice of a medical practitioner to direct a professional contestant to undertake medical testing (e.g. a brain scan) to enhance the safety aspects of boxing and combat sports were confirmed.

This RIS represents another step in the consultation process and Sport and Recreation Victoria welcomes comments or suggestions with respect to the nature, extent, and likely impacts of the proposed Regulations, and any variations that may improve the overall quality of the proposed Regulations.

The *Subordinate Legislation Act 1994* requires that the public be given at least 28 days to provide comments or submissions regarding the proposed Regulations. Given time constraints, the consultation period for this RIS will be 29 days, with written comments required by no later than **5.00pm, 30 May 2008**. Given the consultation

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<sup>45</sup> Some representatives act in several roles.

undertaken during the remaking of the proposed Regulations, this period is considered adequate.

## 16. EVALUATION

As noted earlier, the regulations have been in operation for some three decades and have been revised considerably over that time. The Board has administrative oversight of the regulations and provides advice to the Minister to improve their efficiency and effectiveness as issues arise. Board members attend each contest and liaise closely with the industry to ensure the smooth operation of the Act and Regulations. In addition to monthly meetings, the Board meets once or twice a year to review to operation of the industry, and to assess the overall effectiveness of the control regime.

As previously stated, the Treasurer has provided an exemption from the *Monetary Units Act 2004* in relation to fees contained in the proposed Regulations. Sport and Recreation Victoria will review the fees in three years to ensure that they are efficient and equitably in line the principles set out in the Government's *Cost Recovery Guidelines* and seek further exemptions from the Treasurer, if appropriate.

## 17. CONCLUSION

This Regulatory Impact Statement concludes that:

- **the likely magnitude of the benefits to society of the proposed Regulations exceed the costs;**
- **the net benefits of the proposed Regulations are greater than those associated with any practicable alternative;**
- **the proposed Regulations may impose restrictions on competition, but the benefits of the restriction to the community as a whole outweigh the costs; and**
- **the proposed Regulations will not lead to a material increase in the administrative burden on industry.**

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### **Legislation**

*Monetary Units Act 2004*

*Professional Boxing Control Act 1975*

*Professional Boxing and Combat Sports Act 1985*

*Subordinate Legislation Act 1994*

Professional Boxing and Martial Arts Regulations 1997

### Frequency and Rate of Professional Boxing and other Combat Sport Injuries in Victoria, 1985–2005

Year of Boxing Contest	Number of Contests	Number of Injuries	Injury Rate per 100 Fights
1985	4	0	—
1986	9	1	11.1
1987	6	0	—
1988	8	0	—
1989	7	0	—
1990	7	0	—
1991	12	1	8.3
1992	22	2	9.1
1993	30	6	20.0
1994	62	7	11.3
1995	53	8	15.1
1996	72	7	9.7
1997	90	17	18.9
1998	70	17	24.3
1999	85	25	29.4
2000	88	29	33.0
2001	112	32	28.6
2002	104	27	26.0
2003	139	35	25.2
2004	135	25	18.5
2005	84	7	8.3
<i>Total</i>	1,199	246	20.5
Year of Combat Sport Contest	Number of Contests	Number of Injuries	Injury Rate per 100 Fights
1990	29	5	17.2
1991	111	24	21.6
1992	134	17	14.9
1993	149	20	12.1
1994	171	9	5.3
1995	205	4	2.0
1996	153	13	8.5
1997	206	56	27.2
1998	235	94	40.0
1999	197	79	40.1
2000	188	34	18.1
2001	173	29	16.8
2002	152	28	18.4
2003	172	34	19.8
2004	139	9	6.5
2005	104	2	1.9
<i>Total</i>	2,518	458	18.2

Note: There were no combat sports contests undertaken from 1985 to 1989

**AUTHORISING PROVISION — PROFESSIONAL BOXING AND COMBAT SPORTS ACT 1985**

**PART VI — REGULATIONS**

**22. Regulations**

- (1) The Governor in Council may make regulations for or with respect to—
- (a) the forms of applications, notices, reports, licences, permits, certificates and other forms which may be necessary for the purposes of this Act;
  - (b) matters relating to keeping a list of persons who may act as timekeepers
  - (c) matters relating to the conduct of promotions
  - (d) the conduct and recording of medical examinations and medical treatment and the transmission of medical certificates and information relating to such certificates;
  - (e) matters relating to medical tests and fitness tests carried out for the purposes of this Act, including the form, type, frequency and reporting of those tests;
  - (f) matters relating to persons who are competing in Victoria and who are registered or licensed in another State or Territory;
  - (g) matters requiring professional contestants registered in Victoria to notify the Board when they are competing outside Victoria;
  - (h) matters relating to the arrival of contestants in Victoria before contests and other matters relating to the participation in contests of contestants who reside outside Victoria;"
  - (i) regulating the use, standards, facilities and inspection of gymnasiums;
  - (j) regulating the contractual relationships between trainers, promoters and professional contestants;
  - (k) the reporting of registered professional contestants as unfit or lacking the required professional skills to compete in professional contests;
  - (l) fees for licences, permits and registrations;
  - (m) prescribing information to be included in applications;
  - (n) the pre-requisites for permits, registrations and licences;

\* \* \* \* \*

- (p) appeals to the Minister under section 15(8); or
  - (q) any matter or thing which by this Act is authorized or required or permitted to be prescribed or that is necessary or convenient to be prescribed for carrying out or giving effect to the provisions of this Act.
- (2) Any regulation under subsection (1) may be general or may be restricted in operation as to time, place, persons or circumstances.
- (3) Regulations made under this Act may impose a penalty not exceeding 20 penalty units for any contravention of any provision of the regulations.
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## ASSUMPTIONS

1. The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)
2. The cost of an applicant's time used to calculate 'administrative costs' is \$54.55 per hour, which is based on the methodology contained in the *Victorian Guide to Regulation* in relation to valuing staff time (Section C.2.1, p, C-5).
3. For the purpose of calculating the administrative costs associated with processing licences and permits the following approach was taken:
  - Salary levels were determined for a VPS2 (mid-point) and VPS4 (top increment) officer. This provided figures of \$41,527 per annum and \$68,424 per annum respectively.
  - These salaries were grossed-up to allow for labour on-costs and overhead on-costs. The on-cost factors were obtained from the *Victorian Guide to Regulation* in relation to valuing staff time (Section C.2.1, p, C-5), and were: on-cost multiplier (1.165) and the overhead cost multiplier (1.5), providing a gross-up factor of 1.75 (i.e.  $1.165 \times 1.5 = 1.75$ ).
  - Average hours worked per annum was based on the methodology contained in the *Victorian Guide to Regulation* (see p. C-5) in relation to valuing staff time, and estimated at 1,804 hours per annum (i.e. 44 weeks worked multiplied by 41 hours per week).
  - Annual gross-up salaries were divided by the number of estimated hours worked to obtain a notional hourly rate and this was divided by 60 to obtain a salary rate per minute.
  - The salary rate per minute was multiplied by the time taken to process relevant licences.

## **PROFESSIONAL BOXING AND COMBAT SPORTS REGULATIONS 2008**

### **Proportion of time spent administering Act and Regulations - Board and Executive Officer**

#### Actions under Act (75 per cent)

- Approvals of permits, licences and registrations
- Cancellations and suspensions for various reasons
- Conditions – application, variation etc and advice to holders
- Direct contestants to undertake medical tests
- Keep list of timekeepers – add, remove etc
- Advise the Minister and supervise the conduct of weigh-ins and promotions
- Make rules
- Delegate powers etc

#### Actions under Regulations (25 per cent)

- Maintain and dispense supply of prescribed forms
- Establish that the prerequisites for permits, licences and registrations have been satisfied (including the occasional demonstration of skills by a contestant)
- Receive advice of contests outside Victoria held outside the jurisdiction of a recognised licensing authority
- Include contact details and date of listing to list of timekeepers
- Provide reminders to contestants about annual fitness tests and six monthly blood tests along with required forms
- Monitor arrival time of contestants into Victoria

### **Sport and Recreation Victoria staffing resources**

#### Actions under Regulations (25 per cent)

- VPS 4 and VPS 2 officers (see Attachment I for details of activities).

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

Attachment E

<b>Summary of Costs Imposed by the Professional Boxing and Combat Sports Regulations 2008</b>			
<b>(Discounted 10-Year Period - Rate 3.5%)</b>			
<b>Costs Imposed on the Boxing and Combat Sports Industry</b>			
<b>Regulation</b>	<b>Description</b>	<b>Type of Cost</b>	
Regulation 6	Application for a promoter's licence	Administrative	\$6,592
Regulation 7	Application for a promotion permit	Administrative	\$11,817
Regulation 8	Application for a licence as a trainer, match-maker, referee or judge	Administrative	\$229,581
Regulation 9	Application for contestant registration	Administrative	\$137,802
Regulation 11	Reporting professional contests outside Victoria	Administrative	\$4,675
Regulation 13	Professional contest-related medical examination	Administrative	\$288,170
Regulation 14	Fitness certificates	Compliance	\$103,958
Regulation 15	Blood tests	Compliance	\$103,958
		<i>Sub-total</i>	<i>\$886,551</i>
<b>Costs Imposed on Government</b>			
<b>Agency</b>			
Professional Boxing and Combat Sports Board			\$432,619
Sport and Recreation Victoria			\$228,604
		<i>Sub-total</i>	<i>\$661,223</i>
		<b>Total</b>	<b>\$1,547,775</b>
		<b>Annual Cost</b>	<b>\$154,777</b>

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

<b>Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008</b>					
<b>Price</b>		<b>Quantity</b>			<b>Administrative Cost<sup>4</sup></b>
<b>Regulation 6 - Promoter's Licence</b>					
<i>Regulation</i>	<i>Tariff<sup>1</sup></i>	<i>Time<sup>2</sup></i>	<i>Population<sup>3</sup></i>	<i>Frequency</i>	
Completion of Form 1	54.55	0.17	12	1	106
Familiarisation with Regulations, etc	54.55	1.00	12	1	636
Postage	4.30		12	1	50
<b>Total</b>					<b>\$793</b>

<b>Discounted (10-Years)</b>					<b>Discounted Administrative Cost (\$)<sup>5</sup></b>
<b>Year</b>	<b>Administrative Cost (\$)</b>				
1	\$793				\$766
2	\$793				\$740
3	\$793				\$715
4	\$793				\$691
5	\$793				\$667
6	\$793				\$645
7	\$793				\$623
8	\$793				\$602
9	\$793				\$582
10	\$793				\$562
<b>Total</b>					<b>\$6,592</b>

Notes:

1. The cost of an applicant's time used to calculate 'administrative costs' is \$54.55 per hour, which is based on the methodology contained in the Victorian Competition and Efficiency Commission's Guidance Note on Suggested Default Methodology and Value for Staff Time in BIA/RIS Analysis. The cost of postage is based on an Australia Post Prepaid B4 Envelope.
2. Desk top exercise on the advice of SRV.
3. Data obtained from the Professional Boxing and Combat Sports Board. As at February 2008 there were 32 licensed promoter's in Victoria. For the purpose of these calculations it is assumed that there will be 35 promoter's for the life of the regulations. Given that licences are renewed triennially,  $35 \div 3 = 12$  provides an assumed annual churn rate
4. Numbers rounded.
5. The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

<b>Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008</b>					
<b>Price</b>		<b>Quantity</b>			<b>Administrative Cost<sup>4</sup></b>
<b>Regulation 7 - Application for a promoter's permit</b>					
<i>Regulation</i>	<i>Tariff<sup>1</sup></i>	<i>Time<sup>2</sup></i>	<i>Population</i>	<i>Frequency<sup>3</sup></i>	
Completion of Form 2	54.55	0.50		45	1,227
Postage	4.30			45	194
				<b>Total</b>	<b>\$1,421</b>
<b>Discounted (10-Years)</b>					
<b>Year</b>	<b>Administrative Cost (\$)</b>				<b>Discounted Administrative Cost (\$)<sup>5</sup></b>
1	\$1,421				\$1,373
2	\$1,421				\$1,326
3	\$1,421				\$1,282
4	\$1,421				\$1,238
5	\$1,421				\$1,196
6	\$1,421				\$1,156
7	\$1,421				\$1,117
8	\$1,421				\$1,079
9	\$1,421				\$1,043
10	\$1,421				\$1,007
				<b>Total</b>	<b>\$11,817</b>

Notes:

1. The cost of an applicant's time used to calculate 'administrative costs' is \$54.55 per hour, which is based on the methodology contained in the Victorian Competition and Efficiency Commission's Guidance Note on Suggested Default Methodology and Value for Staff Time in BIA/RIS Analysis. The cost of postage is based on an Australia Post Prepaid B4 Envelope.
2. Desk top exercise on the advice of SRV.
3. Based on an average of the past three years and likely trends, for the purposes of this RIS it is assumed that 45 promotions will occur each year.
4. Numbers rounded.
5. The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008					
Price		Quantity			Administrative Cost <sup>4</sup>
<b>Regulation 8 - Licence to act as a trainer, match-makers, referee or judge</b>					
<i>Regulation</i>	<i>Tariff<sup>1</sup></i>	<i>Time<sup>2</sup></i>	<i>Population<sup>3</sup></i>	<i>Frequency</i>	
Completion of Form 3	54.55	0.17	100	1	909
Familiarisation with Regulations, etc	54.55	1.00	100	1	5,455
First Aid Certificate for Trainer	242.50		67	1	16,167
Postage	4.30		100	1	430
<b>Total</b>					<b>\$22,961</b>
<b>Discounted (10-Years)</b>					
<b>Year</b>	<b>Administrative Cost (\$)</b>				<b>Discounted Administrative Cost (\$)<sup>5</sup></b>
1	\$22,961				\$22,933
2	\$22,961				\$22,961
3	\$22,961				\$22,961
4	\$22,961				\$22,961
5	\$22,961				\$22,961
6	\$22,961				\$22,961
7	\$22,961				\$22,961
8	\$22,961				\$22,961
9	\$22,961				\$22,961
10	\$22,961				\$22,961
<b>Total</b>					<b>\$229,581</b>

Notes:

- The cost of an applicant's time used to calculate 'administrative costs' is \$54.55 per hour, which is based on the methodology contained in the Victorian Competition and Efficiency Commission's Guidance Note on Suggested Default Methodology and Value for Staff Time in BIA/RIS Analysis. The cost of a First Aid Certificate is \$485 based on the St John Ambulance Victoria Occupational First Aid Certificate Level 3. Given that most trainers would be required to hold a first aid certificate from employment a gymnasium on 50 per cent of this cost was attributed to the proposed Regulations. The cost of postage is based on an Australia Post Prepaid B4 Envelope. There is also a sub-regulation which provides the Board may require a judge or referee to undertake an eyesight test. Given the extremely low frequency of such directions and given that any such costs would be bulk billable, this requirement was not costed.
- Desk top exercise on the advice of SRV.
- As at February 2008 there are 17 match-makers, 183 trainers, 53 judges and 21 referees, providing a total of 274. For the purpose of this RIS this number is assumed to be 300 over the assessment period. Given that licences are renewed triennially,  $300 \div 3 = 100$  providing an assumed annual churn rate of 100 licencees per annum.
- Numbers rounded.
- The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

<b>Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008</b>					
Price		Quantity			Administrative Cost <sup>4</sup>
<b>Regulation 9 - Professional Contestant Registration</b>					
Regulation	Tariff <sup>1</sup>	Time <sup>2</sup>	Population <sup>3</sup>	Frequency	
Completion of Form 4	54.55	0.17	167	1	1,515
Certificate of Fitness	25.00		167	1	4,167
Familiarisation with Regulations, etc	54.55	1.00	167	1	9,092
Passport Photograph (x2)	6.48		167	1	1,079
Postage	4.30		167	1	717
<b>Total</b>					<b>\$16,569</b>
<b>Discounted (10-Years)</b>					
Year	Administrative Cost (\$)				Discounted Administrative Cost (\$) <sup>5</sup>
1	\$16,569				\$16,009
2	\$16,569				\$15,468
3	\$16,569				\$14,945
4	\$16,569				\$14,439
5	\$16,569				\$13,951
6	\$16,569				\$13,479
7	\$16,569				\$13,023
8	\$16,569				\$12,583
9	\$16,569				\$12,158
10	\$16,569				\$11,746
<b>Total</b>					<b>\$137,802</b>

Notes:

- The cost of an applicant's time used to calculate 'administrative costs' is \$54.55 per hour, which is based on the methodology contained in the Victorian Competition and Efficiency Commission's Guidance Note on Suggested Default Methodology and Value for Staff Time in BIA/RIS Analysis. The cost of a Certificate of Fitness is \$25.00 which represents the gap paid on a single consultation visit to a medical practitioner. The cost of passport sized photographs is based on the cost of four photograph obtained from an Australia Post photo point which costs \$12.95. The cost of postage is based on an Australia Post Prepaid B4 Envelope.
- Desk top exercise on the advice of SRV.
- As at February 2008 there are 499 registered contestants. For the purpose of this RIS this number is assumed to be 500 over the assessment period. Given that licences are renewed triennially,  $500 \div 3 = 167$  providing an assumed annual churn rate of 167/licencees per annum.
- Numbers rounded.
- The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

<b>Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008</b>					
<b>Price</b>		<b>Quantity</b>			<b>Administrative Cost<sup>4</sup></b>
<b>Regulation 11 - Professional Contests Outside Victoria</b>					
<i>Regulation</i>	<i>Tariff<sup>1</sup></i>	<i>Time<sup>2</sup></i>	<i>Population<sup>3</sup></i>	<i>Frequency</i>	
Entry of interstate contest in Contestant Registration Record	54.55	0.08	100	1	455
Notification of Board	4.30		25	1	108
				<b>Total</b>	<b>\$562</b>
<b>Discounted (10-Years)</b>					
<b>Year</b>	<b>Administrative Cost (\$)</b>				<b>Discounted Administrative Cost (\$)<sup>5</sup></b>
1	\$562				\$543
2	\$562				\$525
3	\$562				\$507
4	\$562				\$490
5	\$562				\$473
6	\$562				\$457
7	\$562				\$442
8	\$562				\$427
9	\$562				\$412
10	\$562				\$398
				<b>Total</b>	<b>\$4,675</b>

Notes:

1. The cost of an applicant's time used to calculate 'administrative costs' is \$54.55 per hour, which is based on the methodology contained in the Victorian Competition and Efficiency Commission's Guidance Note on Suggested Default Methodology Value for Staff Time in BIA/RIS Analysis.
2. Desk top exercise on the advice of SRV.
3. In practical terms, only contestants who fight in jurisdictions that do not have licensing arrangements are required to directly notify the Board. In other jurisdictions, the authority notifies the Board directly.
4. Numbers rounded.
5. The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

<b>Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008</b>					
<b>Price</b>		<b>Quantity</b>			<b>Administrative Cost<sup>4</sup></b>
<b>Regulation 13 - Duties of Medical Practitioners</b>					
<i>Regulation</i>	<i>Tariff<sup>1</sup></i>	<i>Time<sup>2</sup></i>	<i>Population<sup>3</sup></i>	<i>Frequency</i>	
Pre-contest examination Part A of Form 6	105.00	0.17	900	1	15,750
Post-contest examination Part B of Form 6	105.00	0.17	900	1	15,750
Entry of details into Contestant Registration Record	105.00	0.03	900	1	3,150
				<b>Total</b>	<b>\$34,650</b>
<b>Discounted (10-Years)</b>					
<b>Year</b>	<b>Administrative Cost (\$)</b>				<b>Discounted Administrative Cost (\$)<sup>5</sup></b>
1	\$34,650				\$33,478
2	\$34,650				\$32,346
3	\$34,650				\$31,252
4	\$34,650				\$30,195
5	\$34,650				\$29,174
6	\$34,650				\$28,188
7	\$34,650				\$27,235
8	\$34,650				\$26,314
9	\$34,650				\$25,424
10	\$34,650				\$24,564
				<b>Total</b>	<b>\$288,170</b>

Notes:

1. As a proxy for the value of a medical practitioner's time, the Medicare Benefits Schedule Book (operating from 1 November 2007) Group A2 Standard Consultation fee of \$21 was used. It is assumed that a medical practitioner conducts five consultations per hour, giving an hourly rate of \$105.
2. Desk top exercise on the advice of SRV.
3. Based on 2007 data of 447 bouts (each bout has two contestants).
4. Numbers rounded.
5. The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

Regulatory Impact Statement – *Professional Boxing and Combat Sports Regulations 2008*

<b>Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008</b>					
<b>Price</b>		<b>Quantity</b>			<b>Administrative Cost<sup>4</sup></b>
<b>Regulation 14 (incorporating the fitness test requirement in Regulation 9) and 15 - Fitness Certificates and Blood Tests</b>					
<i>Regulation</i>	<i>Tariff<sup>1</sup></i>	<i>Time</i>	<i>Population<sup>2</sup></i>	<i>Frequency<sup>3</sup></i>	
Fitness Certificate - Form 5	25.00		500	1	12,500
Blood test - Form 7	25.00		500	1	12,500
<b>Total</b>					<b>\$25,000</b>
<b>Discounted (10-Years)</b>					
<b>Year</b>	<b>Administrative Cost (\$)</b>				<b>Discounted Administrative Cost (\$)<sup>5</sup></b>
1	\$25,000				\$24,155
2	\$25,000				\$23,338
3	\$25,000				\$22,549
4	\$25,000				\$21,786
5	\$25,000				\$21,049
6	\$25,000				\$20,338
7	\$25,000				\$19,650
8	\$25,000				\$18,985
9	\$25,000				\$18,343
10	\$25,000				\$17,723
<b>Total</b>					<b>\$207,915</b>

Notes:

1. This cost represents out of pocket expenses for a contestant. Given that contestants receive a \$21 Medicare rebate, an additional cost of around \$10,500 is incurred by Commonwealth taxpayers.
2. Data provided by the Board.
3. Serology testing is required on a six-monthly basis, however it is usual practice to undergo this testing during the fitness assessment. This accounts for the one test per annum mentioned above.
4. Numbers rounded.
5. The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

Regulatory Impact Statement – Professional Boxing and Combat Sports Regulations 2008

Attachment E

Costs Imposed by the Proposed Professional Boxing and Combat Sports Regulations 2008					
Victorian Government Administrative Costs					Administrative Cost
Agency	Costs				
Professional Boxing and Combat Sports Board <sup>1</sup>			52,019		52,019
Sport and Recreation Victoria <sup>2</sup>			27,488		27,488
				<b>Total</b>	<b>79,506</b>

Discounted (10-Years)	The Board	SRV			
Year	Administrative Cost (\$)	Administrative Cost (\$)			Discounted Administrative Cost (\$) <sup>4</sup>
1	\$50,260	\$26,558			\$76,818
2	\$48,560	\$25,660			\$74,220
3	\$46,918	\$24,792			\$71,710
4	\$45,331	\$23,954			\$69,285
5	\$43,798	\$23,144			\$66,942
6	\$42,317	\$22,361			\$64,678
7	\$40,886	\$21,605			\$62,491
8	\$39,504	\$20,874			\$60,378
9	\$38,168	\$20,169			\$58,336
10	\$36,877	\$19,486			\$56,364
					<b>\$661,223</b>

Note:

1. The budget for the Board in 2007/08 is \$208,075. It is estimated that 25 per cent of its tasks relate to administering the Regulations.
2. Salaries for a VPS2 (mid-point) and VPS4 (top increment). It is estimated that 25 per cent of their tasks relate to administering the Regulations.
3. The discount rate used in this RIS is 3.5 per cent. In doing so, the RIS adopts the rate published in the *Victorian Guide to Regulation* (Section C.3, p. C-9)

<b>Interstate Comparison of Boxing and Combat Sports Fees (3-year Licence Term)</b>					
<b>Description</b>	<b>Victoria - Proposed Fee (\$)</b>	<b>New South Wales (\$)</b>	<b>Western Australia (\$)</b>	<b>South Australia (\$)</b>	<b>ACT (\$)</b>
Promoter's licence	225	180	300	200	180
Permit to conduct a promotion	100	50	n.a	n.a	80
Trainer's licence	70	120	75	n.a	120
Match-maker's licence	70	180	150	n.a	180
Referee's licence	100	180	60	n.a	180
Judges licence	50	180	60	n.a	180
Contestant registration	50	180	60	60	180

Note:

1. Fees in NSW and WA are charged on an annual basis. For the purposes of this table these fees have been multiplied by three to put them on the same basis as the Victorian licence duration.
2. WA has a number of additional licence types. These are: Manager - \$50 p.a, Manager's assistant - \$25 p.a, Assistant coach - \$25 p.a, Second - \$20 p.a

Regulatory Impact Statement – *Professional Boxing and Combat Sports Regulations 2008*

Attachment G

<b>Standard Cost Model Assessment of the Proposed Professional Boxing and Combat Sports Regulations 2008</b>					
<b>New Administrative Costs Imposed on Business</b>					<b>Administrative Cost</b>
<i>Regulation</i>	<i>Tariff</i> <sup>1</sup>	<i>Time</i> <sup>2</sup>	<i>Population</i> <sup>2</sup>	<i>Frequency</i> <sup>3</sup>	
Fitness Certificate - Form 5	105.00	0.05	500	1	2,625
Blood test - Form7	105.00	0.05	500	2	5,250
<b>Total</b>					<b>\$7,875</b>

Notes:

1. As a proxy for the value of a medical practitioner's time, the Medicare Benefits Schedule Book (operating from 1 November 2007) Group A2 Standard Consultation fee of \$21 was used. It is assumed that a medical practitioner conducts five consultations per hour, giving an hourly rate of \$105.
2. Time taken to fill in forms only.
3. Data provided by the Board.
4. Fitness testing occurs annually and serology testing occurs biannually.

<b>Indicative Fees Indexed for Yearly December Consumer Price Index Movements, 1997–2007</b>							
<b>Year</b>	<b>Annual CPI Movement</b>	<b>Promoter's licence</b>	<b>Trainer's Licence</b>	<b>Match-maker's licence</b>	<b>Referee's licence</b>	<b>Judges Licence</b>	<b>Contestant registration</b>
	<i>Current Fees</i>	225	55	40	80	40	35
1997	-0.2%	225	55	40	80	40	35
1998	1.6%	228	56	41	81	41	35
1999	1.8%	232	57	41	83	41	36
2000	5.8%	246	60	44	87	44	38
2001	3.1%	253	62	45	90	45	39
2002	3.0%	261	64	46	93	46	41
2003	2.4%	267	65	48	95	48	42
2004	2.6%	274	67	49	97	49	43
2005	2.8%	282	69	50	100	50	44
2006	3.3%	291	71	52	104	52	45
2007	3.0%	<b>300</b>	<b>73</b>	<b>53</b>	<b>107</b>	<b>53</b>	<b>47</b>
	<i>Proposed Fees</i>	<b>225</b>	<b>70</b>	<b>70</b>	<b>100</b>	<b>50</b>	<b>50</b>

Source: ABS Cat: 6401.0 - Consumer Price Index, Australia, Dec 2007 Percentage Change from Corresponding (December) Quarter of Previous Year ; All groups ; Australia, Table A2325847F

**AVERAGE COST OF LICENSING PROMOTERS**

<b>Average Cost of Licensing Promoters</b>					
<b>Activity</b>	<b>VPS-4</b>		<b>VPS-2</b>		<b>Total Costs (\$)</b>
	<b>Minutes</b>	<b>Cost (\$)</b>	<b>Minutes</b>	<b>Cost (\$)</b>	
Facilitating lodgement of applications	30	33	15	10	43
Review of Application	150	166	0	0	166
Preparation and issuing of licence	10	11	30	20	31
<b>Total</b>		210		30	<b>240</b>
<b>Cost calculations</b>	<b>VPS-4</b>		<b>VPS-2</b>		
VPS Salary (1 October 2007)	68,424		41,527		
On-costs (VCEC gross up factor - 1.74)	51,147		31,041		
Total annual salary cost	119,571		72,568		
Total salary per minute	1.10		0.67		

Note: See Attachment C for calculation methodology and assumptions.

**Description of Activities**Facilitating lodgement of applications

- Discuss in detail the legislative and board requirements with applicant
- Forward application form and information sheet to inquirer

Review of Application

- Check applicant has completed applications form correctly
- Check fee has been paid
- Detailed check of supporting documentation
- Prepare memorandum for information of Board Members or distribute to Board members as appropriate
- Conduct inquires into the applicant's experience, knowledge and financial position usually incorporating arranging attendance of the applicant at an interview with the Board

Preparation and issuing of licence

- Check for authority to issue
- Print licence and attach photograph
- Arrange signature
- Laminate and despatch
- Record details in file and computer database
- Secretary to supervise process

**AVERAGE COST OF ISSUING A PERMIT FOR A PROMOTION**

<b>Average Cost of Issuing a Permit for Promotions</b>					
<b>Activity</b>	<b>VPS-4</b>		<b>VPS-2</b>		<b>Total Costs (\$)</b>
	<b>Minutes</b>	<b>Cost (\$)</b>	<b>Minutes</b>	<b>Cost (\$)</b>	
Facilitating lodgement of applications	15	17	15	10	27
Review of Application	45	50	0	0	50
Preparation and issuing of licence	10	11	20	13	24
<b>Total</b>		77			<b>101</b>
<b>Cost calculations</b>	<b>VPS-4</b>		<b>VPS-2</b>		
VPS Salary (1 October 2007)	68,424		41,527		
On-costs (VCEC gross up factor - 1.74)	51,147		31,041		
Total annual salary cost	119,571		72,568		
Total salary per minute	1.10		0.67		

Note: See Attachment C for calculation methodology and assumptions.

**Description of Activities**Facilitating lodgement of applications

- Discuss in detail the legislative and board requirements with applicant
- Forward application form and information sheet to inquirer.

Review of Application

- Check applicant has completed application form correctly
- Check fee has been paid
- Detailed check of supporting documentation
- Check prerequisites have been satisfied
- Review proposed contests and continue to monitor in lead up to contest
- Check currency of registration and medical checks for participating Victorian contestants (continues after permit issued)
- Seek clearances for proposed interstate contestants (continues after permit issued)
- Select and liaise with referees and judges for the promotion
- Prepare memorandum for information of Board Member or distribute to Board members as appropriate
- Continue to monitor all aspects of the promotion

Preparation and issuing of permit (licence)

- Check for authority to issue
- Prepare and print letter
- Arrange signature and despatch letter
- Record details in file and computer database
- Secretary to supervise process

**AVERAGE COST OF LICENSING MATCH-MAKERS**

<b>Average Cost of Licensing Match-Makers</b>					
<b>Activity</b>	<b>VPS-4</b>		<b>VPS-2</b>		<b>Total Costs (\$)</b>
	<b>Minutes</b>	<b>Cost (\$)</b>	<b>Minutes</b>	<b>Cost (\$)</b>	
Facilitating lodgement of applications	15	17	15	10	27
Review of Application	25	28	0	0	28
Preparation and issuing of licence	0	0	20	13	13
<b>Total</b>		44		23	<b>68</b>
<b>Cost calculations</b>	<b>VPS-4</b>		<b>VPS-2</b>		
VPS Salary (1 October 2007)	68,424		41,527		
On-costs (VCEC gross up factor - 1.74)	51,147		31,041		
Total annual salary cost	119,571		72,568		
Total salary per minute	1.10		0.67		

Note: See Attachment C for calculation methodology and assumptions.

Facilitating lodgement of applications

- Briefly discuss in detail the legislative and board requirements with applicant
- Forward application form and information sheet to inquirer

Review of Application

- Check applicant has completed applications form correctly
- Check fee has been paid
- Detailed check of supporting documentation
- Prepare coversheet for information of Board Member or distribute to Board members as appropriate
- Conduct inquiries into the applicant's experience and knowledge occasionally incorporating arranging attendance of the applicant at an interview with the Board

Preparation and issuing of licence

- Check for authority to issue
- Print licence and attach photograph
- Arrange signature
- Laminate and despatch
- Record details in file and computer database

**AVERAGE COST OF LICENSING TRAINERS**

<b>Average Cost of Licensing Trainers</b>					
<b>Activity</b>	<b>VPS-4</b>		<b>VPS-2</b>		<b>Total Costs (\$)</b>
	<b>Minutes</b>	<b>Cost (\$)</b>	<b>Minutes</b>	<b>Cost (\$)</b>	
Facilitating lodgement of applications	10	11	15	10	21
Review of Application	30	33	0	0	33
Preparation and issuing of licence	0	0	20	13	13
<b>Total</b>		44		23	<b>68</b>
<b>Cost calculations</b>	<b>VPS-4</b>		<b>VPS-2</b>		
VPS Salary (1 October 2007)	68,424		41,527		
On-costs (VCEC gross up factor - 1.74)	51,147		31,041		
Total annual salary cost	119,571		72,568		
Total salary per minute	1.10		0.67		

Note: See Attachment C for calculation methodology and assumptions.

Facilitating lodgement of applications

- Briefly discuss in detail the legislative and board requirements with applicant
- Forward application form and information sheet to inquirer

Review of Application

- Check applicant has completed applications form correctly
- Check fee has been paid
- Detailed check of supporting documentation
- Prepare coversheet for information of Board Member or distribute to Board members as appropriate
- Conduct inquires into the applicant's experience and knowledge occasionally incorporating arranging attendance of the applicant at an interview with the Board

Preparation and issuing of licence

- Check for authority to issue
- Print licence and attach photograph
- Arrange signature
- Laminate and despatch
- Record details in file and computer database

**AVERAGE COST OF LICENSING JUDGES**

<b>Average Cost of Licensing Judges</b>					
<b>Activity</b>	<b>VPS-4</b>		<b>VPS-2</b>		<b>Total Costs (\$)</b>
	<b>Minutes</b>	<b>Cost (\$)</b>	<b>Minutes</b>	<b>Cost (\$)</b>	
Facilitating lodgement of applications	10	11	15	10	21
Review of Application	60	66	0	0	66
Preparation and issuing of licence	0	0	20	13	13
<b>Total</b>		77		23	<b>101</b>
<b>Cost calculations</b>	<b>VPS-4</b>		<b>VPS-2</b>		
VPS Salary (1 October 2007)	68,424		41,527		
On-costs (VCEC gross up factor - 1.74)	51,147		31,041		
Total annual salary cost	119,571		72,568		
Total salary per minute	1.10		0.67		

Note: See Attachment C for calculation methodology and assumptions.

Facilitating lodgement of applications

- Briefly discuss in detail the legislative and board requirements with applicant
- Forward application form and information sheet to inquirer

Review of Application

- Check applicant has completed applications form correctly
- Check fee has been paid
- Detailed check of supporting documentation
- Prepare coversheet for information of Board Member or distribute to Board members as appropriate
- Conduct inquires into the applicant's experience and knowledge occasionally incorporating arranging attendance of the applicant at an interview with the Board

Preparation and issuing of licence

- Check for authority to issue
- Print licence and attach photograph
- Arrange signature
- Laminate and despatch
- Record details in file and computer database

**AVERAGE COST OF LICENSING REFEREES**

<b>Average Cost of Licensing Referees</b>					
<b>Activity</b>	<b>VPS-4</b>		<b>VPS-2</b>		<b>Total Costs (\$)</b>
	<b>Minutes</b>	<b>Cost (\$)</b>	<b>Minutes</b>	<b>Cost (\$)</b>	
Facilitating lodgement of applications	10	11	10	7	20
Review of Application	10	11	0	0	10
Preparation and issuing of licence	0	0	20	13	20
<b>Total</b>		22		20	<b>50</b>
<b>Cost calculations</b>	<b>VPS-4</b>		<b>VPS-2</b>		
VPS Salary (1 October 2007)	68,424		41,527		
On-costs (VCEC gross up factor - 1.74)	51,147		31,041		
Total annual salary cost	119,571		72,568		
Total salary per minute	1.10		0.67		

Note: See Attachment C for calculation methodology and assumptions.

Facilitating lodgement of applications

- Briefly discuss in detail the legislative and board requirements with applicant
- Forward application form and information sheet to inquirer

Review of Application

- Check applicant has completed applications form correctly
- Check fee has been paid
- Detailed check of supporting documentation
- Prepare coversheet for information of Board Member or distribute to Board members as appropriate
- Conduct inquires into the applicant's experience and knowledge occasionally incorporating arranging attendance of the applicant at an interview with the Board

Preparation and issuing of licence

- Check for authority to issue
- Print licence and attach photograph
- Arrange signature
- Laminate and despatch
- Record details in file and computer database

**AVERAGE COST OF REGISTERING CONTESTANTS**

<b>Average Cost of Registering Contestants</b>					
<b>Activity</b>	<b>VPS-4</b>		<b>VPS-2</b>		<b>Total Costs (\$)</b>
	<b>Minutes</b>	<b>Cost (\$)</b>	<b>Minutes</b>	<b>Cost (\$)</b>	
Facilitating lodgement of applications	10	11	10	7	18
Review of Application	15	17	0	0	17
Preparation and issuing of licence	0	0	20	13	13
<b>Total</b>		28		20	<b>48</b>
<b>Cost calculations</b>	<b>VPS-4</b>		<b>VPS-2</b>		
VPS Salary (1 October 2007)	68,424		41,527		
On-costs (VCEC gross up factor - 1.74)	51,147		31,041		
Total annual salary cost	119,571		72,568		
Total salary per minute	1.10		0.67		

Note: See Attachment C for calculation methodology and assumptions.

Facilitating lodgement of applications

- Briefly discuss in detail the legislative and board requirements with applicant
- Forward application form and information sheet to inquirer

Review of Application

- Check applicant has completed applications form correctly
- Check fee has been paid
- Detailed check of supporting documentation
- Prepare coversheet for information of Board Member or distribute to Board members as appropriate

Preparation and issuing of licence

- Check for authority to issue
- Prepare Contestant Registration Record and attach photograph
- Arrange signature
- Despatch
- Record details in file and computer database

## **STATEMENT OF NO MATERIAL IMPACT**

### **Administrative Burden Statement**

In accordance with the *Victorian Guide to Regulation – Measurement of Changes in Administrative Burden* issued by the Treasurer in April 2007, it has been determined that the regulatory costs imposed by the Professional Boxing and Combat Sports Regulations 2008 (the proposed Regulation) will not lead to a material change in the administrative burden on business or not-for-profit organisations in Victoria.

This assessment is based on calculations made using the Victorian Standard Cost Model, which estimates the increase of administrative costs under the proposed Regulation on business to be in the order of \$8,000 per annum. These costs relate to completing additional fitness certificate forms (Form 5) and serology test result forms (Form 7) in accordance with proposed Regulations 14 and 15. The additional administrative cost is considerably less than the figure of \$250,000 per annum advised by the Victorian Competition and Efficiency Commission as being the indicative threshold for materiality.